

IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947, AS AMENDED BY TRANSPORT ACT, 1953

IN THE MATTER OF THE APPLICATION OF THE
BRITISH TRANSPORT COMMISSION (1954 No. 3)TO CONFIRM THE
BRITISH TRANSPORT COMMISSION
(PASSENGER) CHARGES
SCHEME, 1954

FRIDAY, 4TH JUNE, 1954

TENTH DAY

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PROCEEDINGS OF THE TRANSPORT TRIBUNAL

FRIDAY, 4th JUNE, 1954

PRESENT:

HUBERT HULL, Esq., C.B.E. (*President*)

A. E. SEWELL, Esq.

J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., Mr. E. S. FAY and Mr. KENNETH POTTER (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr) appeared on behalf of the London County Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. E. R. Farr, Town Clerk) appeared on behalf of Barking Borough Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. Keith Lauder, Town Clerk) appeared on behalf of Dagenham Borough Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. J. Twinn, Town Clerk) appeared on behalf of Romford Borough Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. A. E. Poole, Clerk of the Council) appeared on behalf of Thurrock Urban District Council.

Mr. DUDLEY COLLARD, Mr. JOHN ELTON and Mr. MICHAEL HALLETT (instructed by Mr. E. R. Farr) appeared on behalf of the South Essex Traffic Advisory Committee.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. G. A. Blakeley, Town Clerk) appeared on behalf of Walthamstow Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of the County Borough of East Ham.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. K. F. B. Nicholls, Town Clerk) appeared on behalf of Ilford Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of the County Borough of West Ham.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. D. J. Osborne, Town Clerk) appeared on behalf of Leyton Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. A. McCarlie Findlay, Town Clerk) appeared on behalf of Wanstead and Woodford Borough Council.

Mr. GEOFFREY RIPPON and Mr. ALISTAIR DAWSON (instructed by Mr. J. W. Faulkner, Clerk to the Council) appeared on behalf of the Chigwell Urban District Council.

Mr. GEORGE MERCER (instructed by Messrs. Carpenter, Wilson and Smith) appeared on behalf of The London Passengers' Association.

Mr. ARCHIBALD GLEN appeared on behalf of The Mayor, Aldermen and Burgesses of the County Borough of Southend-on-Sea.

Mr. F. A. RULER (*President*) represented the Federation of Residents' Associations in the County of Kent.

Mr. J. REID (District Secretary) represented the London (North) District Committee of the Amalgamated Engineering Union.

(*President*): Mr. Lawrence, I do not know whether you have your arithmetical advisers here?

(*Mr. Geoffrey Lawrence*): I do not think I have, Sir, but I may have some deputies.

(*President*): The only thing is, I should like a purely arithmetical calculation of the simplest kind made. I do not want it made if it involves any argument whatever, except, of course, the argument of what X multiplied by Y comes to as a matter of mathematics. It is on this point you have spoken, and I think Mr. Hill has spoken, of the round figure of £1m. being deductible from the figure stated in our Memorandum as working expenses of London Lines at that time.

(*Mr. Geoffrey Lawrence*): Was that, Sir, if I may ask, on account of the error in steam mileage?

(*President*): I assume it is arrived at mathematically in a perfectly simple way; namely, the movement figure in our table, of course, contains a figure for steam mileage, so many million miles at so much. The million calculation no doubt as put in round figures is the result of reducing that steam mileage at the same price per mile, therefore arriving at a lesser figure for movement expenses in our table, and then adding to that first 33½ per cent. and then 25 per cent., so if someone would put that down on a piece of paper—I could do it myself, but I have not yet done it—and get it agreed with the Commission as a mathematical exercise it would help me.

(*Mr. Geoffrey Lawrence*): That will be done, Sir.

(*President*): Meanwhile, we all know you are taking a round figure, and I need not interrupt your argument.

(*Mr. Geoffrey Lawrence*): I am much obliged. I did not refer to it yesterday afternoon.

At the time, Sir, that you broke off yesterday afternoon I was dealing with the situation with regard to the alleged trend in traffic of a declining nature, and you were kind enough to draw my attention to the position as it would appear to the Tribunal in this way: The question before the Tribunal is: What is the true figure to be found of expected receipts for 1954—or "Z" year, rather—which has been put by the Commission at £70.6m.? If, as I understand the position you put to me yesterday, Sir, if on the evidence the Tribunal was satisfied that the Commission would not get more, or perhaps even not as much as £70.6m., in fact, then it might be interesting to discuss whether that reduced figure was the result of a trend or the result of other causes operating singly or in combination. But it would not be a very helpful exercise so far as a determination is concerned upon the merits of the present Application.

I want, Sir, if I may, to address myself to that position, because, of course, it has been my case throughout that the adjustment made to the 1954 estimate on account of alleged basic declining trend in traffic was unjustified and therefore to the extent that it was unjustified the figure of £70.6m. should be, as a budgetary estimate, increased. There is no doubt whatever, Sir, that the Commission, in reaching the figure of £70.6m. have in fact made a downward adjustment of £0.667m. on account of this alleged basic declining trend; they say so in plain terms in BTC 8, and they say in Paragraph 6, "The estimate for 1954 was arrived at after a number of trial calculations and was based generally on the ascertained results for 1953, including those for the period after the new fares had been introduced. These ascertained results were projected forward for the year 1954, after making the following adjustments". The fourth of those

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[Continued]

adjustments is this: "To give some effect to the basic declining trend in traffic, which has manifested itself during the period of January to August, 1953, before the introduction of new fares. An allowance of approximately 1 per cent. was made for this purpose". That is the £0.667m. which is 1 per cent. of the "Y" year figure of £67.7m.

There is no doubt as to what they have done, and there is no doubt therefore of the ground upon which they have done it.

I want now, Sir, to come at once to the core of this part of the case, and, as I see it, that is the document which was put in at a late stage of the Inquiry, BTC 709. I do not doubt for one moment that my learned friend will rely strongly upon that.

(Mr. Harold Willis): It is page 166.

(Mr. Geoffrey Lawrence): I am much obliged.

(President): Does that, as printed, include the additional figures given to us orally? I do not think it does.

(Mr. Harold Willis): No, it does not, Sir.

(President): It probably does not matter.

(Mr. Geoffrey Lawrence): It does not matter, Sir, except that it strengthens the document in my learned friend's hands slightly by bringing it up to date. The figure for the week ending 30th May was a figure of £1,361,000 actual receipts, and in the last column a minus quantity of 43; which means that up to the end of May, the whole of the first five months of the year, the actual receipts were £288,000 less than the budget, which totals their £70.6m.

(President): It is as much as that?

(Mr. Geoffrey Lawrence): I think so, Sir, because the deficit—

(President): Yes, you are right; £288,000.

(Mr. Geoffrey Lawrence): £288,000. When five months of the year has run its course they are on the wrong side of the budgetary line to that extent.

I do not, of course, pretend, Sir, that that, from my point of view, is not a very ugly-looking document, because if my submission is to be made acceptable it plainly involves this, that by the end of the year, in the course of the next seven months, the actual receipts in the last column must not only make up the lost ground of £288,000, but must show a surplus of approximately £1m., which is the figure I have been urging should be added to the £70.6m. on account of the mistaken deduction for the basic decline in traffic, and it will be said—and I am quite certain this is the sort of consideration which was present in your mind yesterday afternoon—it is quite unreal to speculate about the existence of a trend or not in traffic, when the facts are as shown in this document. Can it reasonably be expected that in the seven months that next follow, in the face of what has obviously happened in the first five months, the £70.6m. is going to be falsified to the extent of an excess of £1m. over that figure? Sir, I do not know; something, in my submission, undoubtedly, as Mr. Hill said, must be allowed for the fact that the weather this spring, though noticeably dry, has also been more than ordinarily cold, particularly during the month of May, and I think during the month of April as well.

These are matters, to some extent, of guesswork. We are on the eve of a weekend now which is a public holiday, and one observes that the temperature has risen and there is apparently no threat of rain. It may be, Sir, that if I was addressing you a week hence with the figures for the Whitsun holiday and a fine warm week following, that the position would not look so gloomy. But that must be speculation, because it is quite possible that a spell of fine weather next week might be followed for the rest of the summer with one of those wet periods which we often experience, with no more fine weather until September. It is impossible to know, and I do not conceal from myself that the evidence of the first five months of actual receipts makes this position extremely difficult. You would be, Sir, and I concede it, entitled to base the finding of fact upon the evidence of the first five months that the budgetary figure of £70.6m. will not itself be realised by the end of the

year. On the other hand, you may come to the conclusion that the evidence of the first five months is to be discounted to a more or less substantial extent by the weather conditions, and that the result, so far as one can forecast it by the end of the year, may not be so bad after all. But I recognise that the emergence of these actual figures has made the proposition that £1m. should be added to the £70.6m. as a budgetary estimate, and is, of course, rendered thereby that much more difficult of acceptance.

That is not, if I may respectfully say so, the end of the story, nor is it by any means the end of the importance of deciding whether or not there has been a trend such as the Commission allege. Indeed, it is rather the contrary, because if you should, Sir, come to the conclusion that the £70.6m. is in fact an approximately right forecast, though made for the wrong reasons, then the nature of those reasons, in my submission, becomes all-important.

Before I finally pass from BTC 709, my learned junior Mr. MacLaren points out to me that the real trouble is concentrated, when one looks at the figures, in two blocks; namely, one at the end of January and the beginning of February, when (my recollection fails me, but it is quite likely) the weather was bad; it may be when we had some ice or snow. In the last week of January and the first week of February there is a minus quantity of £154,000 upon those two weeks alone, and then you do not get a steady minus quantity setting in until you reach Easter. For some reason over Easter and the last seven weeks between Easter and Whitsun there has been a steady minus quantity week after week.

That may be, Sir, as I have suggested, substantially due to the cold weather because, of course, the budget figures are higher, and naturally would be higher in the weeks between those two holidays on the expectation that by that time one would have run into the normal warm weather. So that, when you get a minus quantity of, say, 25 or 27 during May, that is a minus quantity in relation to the increased budgeted figure for that week. It is not an absolute figure; it is only a relative figure, and it may well be that it is to be accounted for, or a large part of it at any rate, by the inclement weather.

The reason why I say that—and I do not concede it but I face the possibility of it—if you should come to the conclusion that £70.6m. is approximately right, the importance of determining whether the Commission were right in reaching that figure by means of the deduction of 1 per cent. of the "Y" year estimated receipts for the basic declining trend is this—

(President): Of the "Y" year? Of the 1953 actual receipts?

(Mr. Geoffrey Lawrence): Yes; I am so sorry, Sir, I continually walk into that error; the 1953 actuals.

The reason for the importance of deciding whether it is trend or not is this: The assumption that in "Z" year they will get no more than £70.6m., if and so far as that assumption is based on the view that it is partly to be accounted for—that low figure—by a declining trend, means that the Commission are deluding themselves about what is going on. If I am right, in my submission there has been no trend proved or observable on the statistical tables. They say: "we must make a discount of 1 per cent. on our 1953 actuals because there is operating upon our receipts a factor or a series of factors in operation over which we have no control. There is a social change going on in the habits of the people. They are travelling by car; they are staying at home looking at their television, and all that sort of thing. Therefore we can do nothing about that. That is one of the hazards of the market, and we cannot control it."

Now, Sir, if I were right and no such declining trend is observable upon the statistics, the Commission can no longer delude themselves that the depression of their 1954 receipts is occasioned by a cause outside their control. One must look elsewhere for it. In my submission the figures, when one looks at them, show that that depression of their 1954 receipts is occasioned, I will not say wholly, except as a slight exaggeration to underline the argument I am putting, but substantially by one cause and one cause alone: that is the increase of fares.

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That is the importance of it, because having introduced one increase of fares last August which, if my submission and the evidence is right, has produced the result that the budgetary figures for 1954 can be put no higher than £70·6m., they are now proposing in front of you by means of this Scheme to repeat the dose, or rather to increase it. If that goes on long enough, of course, there will be a basic decline in traffic, but it will be a trend which has been created by the action of the Commission themselves and not by any outside social change in habit. If I may be pardoned the crude illustration from the boxing ring: if one of the two opponents is repeatedly knocked down and it takes him each time a greater part of the ten seconds to get to his feet, it would be possible for the man who is winning to say, "I am beginning to observe a basic trend in this matter"! But it would be a trend not occasioned by the voluntary actions of the victim, it would be a trend imposed upon him by the considered and deliberate policy of the other man. So the importance of it is this, of course, that by these increases in fares they are really killing the traffic. It is an exaggeration to say, I have no doubt, but again it underlines my argument: if this process goes on, the result in the London Area will be that fewer and fewer people are carried at higher and higher fares. The final result of that will be that instead of public transport being an amenity and a service available to the public, it will be an expensive luxurious commodity to be enjoyed only by the comparatively few. It is an exaggeration at this time to say that we have reached that stage, but it illustrates the points that I am trying to make, of the direction in which we are heading at the moment, and it is the logical result of the process which is going on as a result of the policy of the Commission.

That is the importance, Sir, in my submission—if you are against me on the figure of £70·6m.—the importance of deciding what the reason for it is.

(President): Reasons, causes.

(Mr. Geoffrey Lawrence): Causes, Sir, yes; multiple causes, no doubt, Sir. But in determining the multiple causes of that it is also important in my submission to see whether there is one major cause to which one could really pin the deplorable situation that emerges from a consideration of this Application.

I do not want, Sir, to go through the whole of the evidence again, because I am sure the tables are well in your mind, but nobody could look at Mr. Hill's first table, LCC 201, without being struck in my submission by the remarkable change in the number of passenger journeys that took place immediately the 1953 Fares Inquiry made its full impact upon the travelling public. I say nothing for the moment about the first three months of the year which was the subject of controversy, because necessarily the figures had to be adjusted, but from March to August one sees that there was, to put it no higher than this, no diminution in the number of passenger journeys compared with 1952, and in Period 8 there was in fact an increase of 2,616,000. The fares came into operation, and in the Tenth Period you can see that any form of plus had been turned over to a minus figure of 8,335,000, followed by a somewhat similar figure in the next four-weekly period, followed by a minus figure of 2½ million in the next period, and it is only in the last period of all that there is any tendency for that minus quantity to be reversed and that is a period where comparisons are difficult because of the fog in the corresponding period in 1952.

The criticism that can be made of this table, Sir, is a criticism that applies with even greater force in the evidence given by the Commission; namely, it may be said that is too short a period over which to draw any firm deductions. But in my submission, Sir, it is not. When you are confronted with a case that there has been a diminution in receipts, due to a basic declining trend in traffic for which the Commission are not responsible, this table, looked at as a whole, in my submission shows two things. It shows that there was no real diminution at any rate in the number of persons travelling, on the contrary, up to the moment when the event occurred which converted what had hitherto been a plus into an almost consistent minus of very large dimensions. When looking for a cause is it not reasonable to say that the cause of this projected loss of receipts is not a

basic declining trend, but resistance—perhaps not even active resistance, but compulsory resistance, because people have not got the money to spend—compulsory resistance by the public.

May I say a few words now, Sir, about the associated position here on the question of discounts for loss of traffic.

I have gathered the figures together that have been given in evidence and the position is this: substantially speaking, it is the ordinary fares everywhere that have taken the blow and have reacted. Mr. Valentine told us that ordinary fares account for 66·24 per cent. of receipts for the London Area as a whole and they account for 79·25 per cent. of London Transport receipts, a tremendous percentage. He also said that two-thirds of that 80 per cent. of receipts on London Transport come from the 1, 2 and 3 mile fare stages.

(President): 3-mile journeys, is it not? Do you mean the 3-mile journeys, not stages?

(Mr. Geoffrey Lawrence): Yes, Sir, journeys. Twenty-five per cent., 25 per cent., and 14 per cent. were the figures given respectively for those three lengths of journeys. It is no exaggeration to say, Sir, upon the evidence of the analysis of the budgets that the loss in "Z" year is all on the short ordinary fares; on the London Transport and on the London, Tilbury & Southend Lines. On the London Lines the position is rather different. There is some evidence of a general upward trend, but to reinforce my contention that this decrease is due to the incidence of increased fares, may I point out that whereas on the London, Tilbury & Southend Lines the increase in the 1953 Scheme was fully operative, receipts have gone down; but on London Lines excluding London, Tilbury & Southend, where that increase was not fully operative the receipts have gone up. It is what in my submission one would expect, and a further analysis shows that the main concentration of that loss of revenue on short ordinary fares is on the 1½d. gap, a gap which it is now proposed should be widened to 2d.

Mr. Hill gave you the figures of percentages of discount on some of those particular fares and in my submission, Sir, they have reached levels this year which should be a warning to anyone who is putting forward a Scheme designed to increase the force of the very instrument which has provoked already that loss of receipts. It is a process, Sir, which in my submission cannot go on. I venture to say that that is not an inappropriate comment at this Inquiry, bearing in mind that Sir Reginald Wilson said this is merely a stop-gap Inquiry and that you will be called upon at a not too distant date to sanction a yet further increase of fares. When one supposes unless there is to be a utilisation of the headroom on early mornings and sub-standard fares, about which I say nothing at this stage because it is not intended to do that, and it is no part of my case that that should be used, unless that headroom is to be used there will be nothing for it again but to put the increase upon the ordinary fares and to discount, as they will have to discount, the loss at even higher rates.

The Commission, in my submission, are in a dilemma here. They say: We must have the extra revenue, but owing to the nature of the traffic that they carry inside London, owing to the high proportion of short ordinary fares, if they want the revenue that is the only substantial part of their traffic upon which they can place it. And if they place it there they are caught on the other horns of the dilemma that they have to discount the yield at ever-increasing rates because of passenger resistance.

Those fares, Sir, as one would think, are the most vulnerable part of their traffic, and it is precisely at the most vulnerable part of their traffic that the major blow is aimed. I am not saying that they could aim it elsewhere; they may be forced to do that from the structure of the undertaking that they carry on. But it is a remarkable position, is it not, for any commercial undertaking faced with a loss of trade owing to the prices which it charges to come back and say that a cure for that is an increase in the very prices which have already lost it a substantial volume of traffic. In my submission, no ordinary commercial concern would survive for any length of time this side of insolvency if it pursued a policy of that kind; but that is the policy which manifestly, in my submission, is being pursued here, and one can turn almost anywhere to see it illustrated in the evidence.

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When the gross yield of increased fares can be put at a round figure of £7m.—and that £7m. has to be discounted by very nearly £2m., which is £2m. in £7m.—(I think the figure is 26 per cent. or rather more than a quarter of the gross receipts) is it not time that somebody suggested to the Commission that there is a danger signal there plainly to be read that this is not the way and an application of this sort has no real commercial wisdom behind it?

Now, Sir, it may be said that is all very well, but if we do not do this, caught as we are, or impaled upon rising costs, what else are we to do? I am not here, of course, to offer suggestions necessarily of policy to the Commission; I am here primarily to oppose the policy which they are adopting in this Scheme and ask that you, Sir, and your colleagues on this Tribunal, should say that this policy is disastrous by refusing to sanction a Scheme of this kind which includes as its major provision the increase of fares in the very categories where the loss has already been highest, the 2d., 4d., and 6d. step. I might offer suggestions as to a change of policy that, instead of increasing fares, at any rate consideration should be given in the face of falling traffic to the opposite expedient.

I know, Sir, your views of the London County Council's case in past years of suggesting the extension of cheap fares. I know the objection that if you carry 100,000 passengers at 1s. you have to carry 200,000 at 6d. before you get the same receipts, and your working expenses may have gone up. I appreciate arguments of that sort, but the London County Council for whom I have the honour to appear are not transport operators in the sense that the Commission are transport operators. All I can do is to draw for your attention and consideration the plain distinction, which must be obvious to anyone who has followed these proceedings or travels about this country, between the policy which is observed inside London by the London Transport Executive and the policy which is observed outside London by the Railway Executive.

It is true there is no real fares structure outside London which I could point to and compare it in any detail with the fares structure in London. It may be said in one sense there is chaos outside London in this respect, but it is a chaos which is formed, at any rate in my submission, by a discernible matter evidencing policy, broad policy, and that is to offer an increasing range of concession fares of one sort and another over all kinds of distances in all parts of the country.

(President): Of course, Mr. Lawrence, it can be put, I will not say it can be put against you, but put in favour of the Commission, that the whole of that evidence—all those leaflets and Mr. Karslake's evidence—shows how open-minded the Commission are to consider experiments, at any rate up to the point of deciding whether they are financially fruitful, and the inference which anyone concerned to put that point would draw would be that it is difficult to suppose that the same body is to be convicted of sin and of being completely blind to the possibilities of other experiments in the London Area.

(Mr. Geoffrey Lawrence): Yes, Sir. My answer to that would be this: it may nominally be the same body but the divergence of policy appears to indicate that there really are two schools at work here—two schools of thought—one which operates outside London, being the Railway Executive, and a school of thought—

(Mr. Harold Willis): No longer.

(Mr. Geoffrey Lawrence): Quite, no longer. I never can keep up to date in these matters! The other school which operates, and if I may say so, Sir, has operated for many, many years in London, is the London Transport Executive.

(President): The London Transport Executive is not a sort of independent state, you know.

(Mr. Geoffrey Lawrence): Well, Sir, the degree of autonomy is one which one would be very glad to know; it has not emerged, of course, at your Inquiries because no probing has gone on into that. One can only draw one's own conclusions, as I submit, from what happens inside London and what happens outside London.

(President): Well, Sir Reginald Wilson combined the two schools of policy, did he not? After all, he is a member of the Commission; it is he who comes here and says he thinks that in broad lines this proposal is the best available in unfortunate circumstances. You say he has two lobes to his brain.

(Mr. Geoffrey Lawrence): No, Sir, I should hesitate to make any suggestion with regard to the anatomical structure of so distinguished an intelligence; but what I do submit (and this is really speculation of course as to internal policy) as a matter of fact is that there is, whatever the reason may be, discernible in the two parts of the Commission conflicting policies. Outside London the policy which has been adopted of experimenting wherever possible, and perhaps some times wherever it was not even possible, has led, upon their own figures, to an increase in receipts. That is clear from their figures; BTC 701 shows that. It is also true to observe in passing that outside London—

(President): You mean their total receipts?

(Mr. Geoffrey Lawrence): Their total receipts.

(President): There is no proof that any of these particular experimental and concessional fares separately or as a whole have been profitable in the sense of producing more net revenue than if the traffic had been carried at the old rates. There was a discussion last time or the time before.

(Mr. Geoffrey Lawrence): Yes, there was a discussion last time. Of course that is an Inquiry which would be very difficult unless one can evaluate what the position would have been without the introduction of these concessional fares.

(President): We should have been back at the old problem of how you separate passenger revenue from freight revenue, would we not?

(Mr. Geoffrey Lawrence): Yes, we should indeed. Outside London, of course, there are subject to some competition at any rate with other road services. Inside London there is no stimulus of that sort at all.

However, Sir, there it is. Having drawn attention to what I submit is the really desperate state of affairs in London, when one sees this is a process of attrition which is slowly strangling the noose, one naturally turns, any commercial operator would turn, to see whether he is on the right track or is there some change in policy which could be effected before he is entirely upon the rocks of insolvency. That is the suggestion which I respectfully make, Sir, for consideration, based upon the evidence which we have put in this year. So that, in my submission, Sir, although I do not concede that their receipts at the end of the year will not be more than £70.6m., I am quite content in other words to meet them on their own ground, except that they have reduced those approximately £1m. for a basic decline in traffic; I say that does not exist and therefore £1m. ought to be added. I further say that even if I am not wrong about the absence of trend, but wrong about the total expected receipts at the end of 1954 in fact, then I say the major cause of that is the incidence of increased fares as has been done before, and that if this Scheme is approved the results will be even more disastrous than foretold by the Commission in their "Z" year discounts.

(President): Does that involve this, Mr. Lawrence, that if instead of adopting the present scales or anything like them, we decided that the proper course was to go back to the pre-1953 scales, the position would be greatly improved? It does, does it not?

(Mr. Geoffrey Lawrence): I think it may involve something of that sort, Sir; I could not tell you what the position would be.

We have, of course, sought to say—and Mr. Lambert's evidence was directed to this point—it was not difficult for my learned friend to cross-examine upon the lines that he did, and I fully expected it—it is part of our case that these steps somehow or other should be made easier because the deterrent effect of a 2d., 4d. and 6d. fare is in my submission enormous. Think of a man, his wife, and perhaps two or three children at a weekend. They want to come up from the suburbs to walk around Trafalgar Square, or something of that sort. Now, Sir, if the jump in fares is of that order, it really does

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make a difference to that family; they either do not travel at all or else only one of the children is taken at a time, and the wife is left at home. I do not really need to illustrate it, of course, but it is no answer to say that 2d., 4d., and 6d. is only twice the pre-war figure; one has to look at it as 2d., 4d. and 6d. against the economic background of 1954.

(President): We do not like the gap.

(Mr. Geoffrey Lawrence): If you please?

(President): We on this side of the table do not like this jump.

(Mr. Geoffrey Lawrence): Well, Sir, if I may say so, I am pleased to hear you say that; and as I indicated yesterday, when we know your decision with regard to the additional requirements, if we can assist the Commission, may I say informally rather than at a public Inquiry, in some other way to work out a fares structure which eases these cliff-like gradients, we shall be very glad to do so.

(President): Of course, Mr. Lawrence, I think perhaps under a little excessive pressure from me somewhere on the Third Day you did commit yourself to the proposition that the sole adverse cause operating was the increase of fares.

(Mr. Geoffrey Lawrence): Yes, I did, Sir.

(President): I think now you probably would not adhere to so cast-iron a proposition.

(Mr. Geoffrey Lawrence): No, Sir, not in that way, but my case still is that against the one cause the rest are negligible. I do not know what they would be; they might be the incidence of influenza for a week; they might be the incidence of a spell of cold weather, but they are all of insignificant dimensions compared with this one major cause, though I must admit the existence of others, of course.

(President): There must be of course as a point of common sense; they may be fortuitous.

(Mr. Geoffrey Lawrence): Not of any great dimensions.

(President): But of course if you are right, the sole substantial cause of the drop was the increase in August, 1953, then the right remedy would be to go back to the pre-August, 1953, scale.

(Mr. Geoffrey Lawrence): Well, Sir, it would certainly be worth considering the results of a step of that sort.

I do not think I can make that part of my case any stronger by further submission; I apprehend the Tribunal are seized of it.

I now pass to a very few words on the topic of London Lines, and the new costing of the working expenses of that notional organization. I have been handed here, Sir, a piece of paper on which has been written the calculation which you asked for at the outset of this morning; I am told it has been agreed.

(President): Do you want to read it out, Mr. Lawrence; I think perhaps you had better do so.

(Mr. Geoffrey Lawrence): It might be better if I read it out for the purposes of the transcript, and then hand it to you.

(President): Yes, read it out for the purpose of the transcript and then hand it to me.

(Mr. Geoffrey Lawrence): It is headed "Differences in 'Y' year figures if revised steam mileage figures had been adopted". Line 1: "'Y' year steam mileage 13.5 million". Line 2: "'Z' year steam mileage 11.4 million". Then we have "Movement expenses"; this will be Line 4. "2.1 million miles at 'Y' year charge of 8s. per mile £0.84m." Line 5: "Terminal etc. expenses 33 per cent. of movement expenses £0.28m.", which added to £0.84m. makes £1.12m. The last line reads: "'Joint' expenses (25 per cent. of above) £0.28m.", if added to the £1.12m. gives a result of £1.40m. which is the figure I think, Sir, you wanted.

(President): That is the figure. (Document handed.)

(Mr. Geoffrey Lawrence): Now, Sir, on this part of my submission in regard to the working expenses of London Lines, may I say at once that on our side we should be very glad indeed if we could reach some sort of finality upon this question.

We have made a submission in the past with regard to the costing of these working expenses because it was on the costing of these working expenses that the ultimate position on London Lines, whether there was a surplus or whether there was a deficit, depended. If there was a surplus, of course, it could be carried into account against any deficit on London Transport; that was the importance of it, and it still remains the importance of it. We came here, Sir, upon information that we had based upon your decision last time of the increase in costs which, if applied to the other relevant figures, showed quite a substantial surplus on London Lines. I think Mr. Hill put it at about £2m. which could be carried over to relieve the deficit on London Transport. But when BTC 703 made its appearance on the 1st Day of this Inquiry, it was plain from the Commission's point of view that was far from being the position. They had embarked upon this elaborate effort at costing of these working expenses and had produced a result which not only showed a deficit upon London Lines, but a deficit of such dimensions that it more than absorbed the million surplus for which they were budgeting on the proposed increased fares on London Transport. Sir, it was not unnatural in those circumstances that we should want to find out all we possibly could about this new method of costing which had so basically altered the expected position. We found out what we could and I am bound to say we were helped as much as was reasonably possible in the time by the Commission themselves.

All I can say about it, Sir, is that the new method of costing plainly at many vital stages involves estimates and apportionments of formula. But if this is a costing exercise, as I apprehend it to be, no Tribunal, in my submission, could possibly accept the result of such an exercise except on the basis that there is a wide margin of error by the way on the result.

(President): Mr. Lawrence, I think perhaps the fact that in our Memorandum there did appear three arithmetical figures has led to the remarks in a subsequent paragraph about London Lines and their working expenses being somewhat neglected. Paragraph 23 was meant to indicate, and I think succeeds fairly well in indicating, that we thought it a highly speculative figure. Nothing so far as I am concerned which I have heard at this Inquiry would lead me to alter any of the additives in Paragraph 23.

(Mr. Geoffrey Lawrence): Sir, I am obliged to you for that expression because that was what I was going to submit when you drew my attention to that paragraph. It must be extremely disappointing to the Commission after the expenditure of so many man-hours on the Inquiry that the matter is still in the realm of speculation, but in my submission it mainly is.

(President): It is in the realm of speculation; the only thing is we have more material to speculate about. It may be in the end—in so far as it is necessary to arrive at any arithmetical figure—in the result we should say: Well, it may be this on that side or that on the other.

(Mr. Geoffrey Lawrence): Well, Sir, I do not know that I can assist you very much about that for this reason: at each stage in the costing exercise when it became necessary to make an estimate or an apportionment or to apply a formula, the only way in which I could have checked what was being done would have been to have been present at the side of the man who was doing it to see how he was doing it, what he was doing, then either to approve it because I agreed with it or to differ from it because I differed on some rational interpretation of the data, or application of the data. The great difficulty which has confronted me as an Objector throughout this Inquiry is that I have not been in that position. May I illustrate what I mean, Sir, by comparing what has happened at this Inquiry with what happens at, say, an Arbitration for assessing a total figure for compensation for compulsory purchase? If I was the inquiry authority, a valuer for the claimant would put in a valuation when, say, for instance, he has got to value the profit rental of a residual term of a lease. He will do that by means of first of all working out the amount in his view of the profit rental and then applying a capitalising factor using a particular table plus some sinking fund provisions as a rule.

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(President): Somewhere down about the third page of the valuer's valuation will be a small figure upon which it will all be found to depend, Mr. Lawrence.

(Mr. Geoffrey Lawrence): I should have on my side a valuer who proceeds in exactly the same way until he reaches that small obscure figure which will probably not agree with the figure taken by the valuer on the other side. But, Sir, at each stage of that everything which has been done is known; we know all the facts of the matter; we can see on the sheet or sheets of this valuation the estimates, apportionments, calculations and so forth that have been done and argument can be joined on both sides in a confident knowledge that whatever may be the acceptability of the arguments at least you have got all the cards in front of you. Here I have not been able to see (what shall I say?) on what tables, using the expression figuratively, the Commission have worked at any stage. They have told me they have taken various apportionments, they have told me they have made estimates, they have told me they have reached a fair cost per mile, but I am in a position either of accepting that or rejecting it; I can do neither.

(President): I should have thought Mr. Winchester at each stage where he had made a calculation would have been in a position to tell you.

(Mr. Geoffrey Lawrence): No, Sir.

(President): He would not have been able to open his mind where he had to exercise his judgment.

(Mr. Geoffrey Lawrence): No, Sir, but having regard to the length, complexity and the many, many stages of calculation, it would have prolonged matters inordinately before you if I had sought to ask him. Indeed, it would have been, I say frankly, beyond my capacity in mere cross-examination. It could only be done by exchange of information lasting days and possibly weeks in the offices of the Commission themselves. I am not complaining; I am not making this a grievance; I do not want it to be thought I am making a grievance against the Commission, I am not; I do not see what else they could have done and I do not see what else we could have done, but the position remains that you have before you, Sir, on the one side an agglomeration of estimates which have not been able to be tested upon the other side and as a mere costing exercise—I come back to the submission I made earlier—they could only be accepted upon the basis that there is a possibility of a wide margin of error either way. Of course, in one sense, Sir, this recurring problem of the expenses of London Lines is from its very nature insoluble; it is not real. It was a real matter it would be possible to reach a real figure.

(President): One could also test it by experience, could one not?—That cannot be done.

(Mr. Geoffrey Lawrence): That cannot be done and, Sir, the most I can do on my side is to ask you to hesitate a long time before you abandon a position for which the Commission strongly contended in the past. It is not as if they had come tentatively in the past and said "our valuation of London Lines working expenses may be right or may be wrong; We think it is the best we can do; it is probably right". The Tribunal has been assured on each occasion that so far as it was humanly possible to do it the exercise has been done and the results could be confidently accepted. Sir, I ask you to hesitate a long time before you accept with anything like confidence the results of this year's costing exercise. Indeed, Sir, I am almost tempted to adopt by learned friend Mr. Rippon's rather light-hearted suggestion that you should give the problem up altogether and leave London Lines on one side on a basis that probably when all is said and done they about break even and concentrate upon London Transport, but I can see no logical basis for a suggestion of that sort because it merely shelves, puts on one side, what is an inseparable part.

(President): A variant of that was in fact put forward this time or last time by Sir Reginald Wilson, that one should concentrate on the London Transport figures which at any rate can be approached with a much larger degree of confidence and consider only this notional entity of London Lines to the extent necessary to satisfy oneself that you will not be doing an undue hardship to that notional entity one way or the other if you assimilate them to the London Transport results. That is not quite what Mr. Rippon suggested but it is the same sort of

suggestion and it does in fact almost inevitably follow that one reaches the position that one cannot arrive at a figure with any kind of confidence, at what the real financial situation of this notional entity is or will be. Do you follow?

(Mr. Geoffrey Lawrence): Yes, I follow what is in your mind, Sir. Of course, the result from my point of view would be this, that any deficit there might be on the London Transport budget would be doubled or increased—I will not say "doubled"—by a proportionate figure for London Lines on Sir Reginald's hypothesis.

(President): No. Am I troubling you at this stage?

(Mr. Geoffrey Lawrence): Not at all, Sir.

(President): Suppose one arrived at the conclusion that—I will take a purely guess figure—London Transport as an identifiable entity required £2m. more to fill the gap, and then constructed a scale with the assistance of everybody concerned—or, if you like, constructed a policy with the assistance of everybody concerned—directed to filling that gap for London Transport; then the principle assimilation being applied, one would say: "Well, those alterations in fares must be applicable to the London Lines", and only refrain from taking that last step if one were satisfied that if by so doing one would be inflicting hardship or conferring too great a favour on this notional entity of London Lines.

(Mr. Geoffrey Lawrence): Yes, I follow that, Sir.

(President): That is as I understood it; I do not know whether Sir Reginald Wilson said it this time, but he certainly said it last time.

(Mr. Harold Willis): That is so, Sir; not this time but last time.

(President): Mr. Poole has a much more intimate knowledge of the proceedings last year than I have; I seem to remember less about it than anybody else in this room. It is Question 136, last time. I am not asking you to agree or disagree, Mr. Lawrence, on that, but it is a possible attitude.

(Mr. Geoffrey Lawrence): Yes, Sir, it is a possible attitude in the face of almost insoluble difficulties. It is a compromise solution, and it must have the disadvantages of a compromise solution in that it may have an effect upon the proposition that London as a whole has got to stand on its own feet. It may be doing that, or it may not be doing that—it may be making a contribution to other parts of the undertaking as a result of any broad decision of that kind. That is what immediately springs to my mind.

(President): If one does not know very much about one of London's feet, I do not know how you are to avoid it.

(Mr. Geoffrey Lawrence): Then the whole of these Inquiries, so far as my opponents and myself are concerned, may therefore be conducted on a wholly unreal and incomprehensible basis.

(President): On that basis we must arrive at some figure as to working expenses of London Lines in order to satisfy the reservations which Sir Reginald Wilson made. I think, although we have to keep alive, until these Inquiries end, this notional idea of London Lines, one must remember that most passengers use both classes of services; the person who comes up on a London line to Victoria will very often get on to a bus. It is not as though there are two distinct bodies of passengers whom we must keep in step or balance; most of us are a little bit of both.

(Mr. Geoffrey Lawrence): Yes, that is true.

I do not think I can add any more about that part of the case. I realise that my submission is unhelpful, but that is because the material is unsatisfactory. I do not think there is really, therefore, very much more that I need say, but there are one or two very small matters which I must make the subject of my address to you.

You heard Mr. Karslake on the subject of children's fares and apprentices' fares. This is a point which has been taken, I understand, by my clients in the past; it has not commended itself to the Tribunal, or either of them, but we still take the point and I submit it again for your consideration this year. The question of the age of the child, as I understand it, from 14 to 15 years,

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is based on the alteration in the school-leaving age. Of course, a submission of that sort supposes that the transport limit of age was linked with the school limit of age. Historically, I doubt whether it is possible to say whether that is accurate or not.

(President): Mr. Sewell tells us that at one stage the age was 10.

(Mr. Sewell): That is going back a very long time, but I am not sure.

(Mr. Geoffrey Lawrence): Then it went to 12, and then 15.

(Mr. Harold Willis): I do not think it has been linked to the school-leaving age throughout history; I do not think that can be claimed.

(President): No; we will leave history alone.

(Mr. Geoffrey Lawrence): Except that it is undoubtedly connected in the popular mind, and if anyone is looking for a yardstick by which to measure the point at which the father of a child should be liable for the full fare, it is very convenient. It may be that the point could be determined at the age beyond which he is not statutorily compelled to send that child to school.

(President): I think what I call the educational concession is much newer, is it not?

(Mr. Geoffrey Lawrence): I think that is so, Sir. But children half-price on the tubes and railways is something which I can remember personally, if I may say so, going back very very many years, and the age has gradually, as Mr. Sewell recollects, tended to rise upon the railways, not necessarily linked with the rise in the school-leaving age, but, shall I say, in sympathy with it. As we move on, so these standards get altered, and in my submission, this is a matter entirely for the Tribunal; but it is time that the transport concession was equated with the present school-leaving age.

With regard to the other small points—

(President): It is rather like suggesting additional Income Tax relief; it may be a good thing in principle, but it may be a bad or difficult time to make the alteration.

(Mr. Geoffrey Lawrence): I appreciate that, Sir. Similarly the same comment could be made with regard to my second point as to the apprentices' concession; that submission has been made by my Council before. The figure now is 42s. 6d., which is not a figure, so far as the County Council is concerned, which is snatched out of the atmosphere; it is a figure which has been determined by the Government Department to which Mr. Carslake made reference. The submission here is based upon the necessity, as we would respectfully say of recognising the present values of money.

I am reminded that 25s. 0d., the present level, having regard to the change in the value of money is really an unreal figure, which must defeat the object of the concession in that it excludes the very persons, or a great many of them, for whom the concession, as applied, was designed to benefit. It is again an adjustment which I should desire to seek in order to bring these matters up to date.

(President): That concession excludes any educational grant of any sort?

(Mr. Geoffrey Lawrence): Yes, Sir, it does.

(President): It is a private income?

(Mr. Geoffrey Lawrence): Yes.

It only remains for me to say that I hope, as the result of the evidence I have called and the submissions I have made, that it will not be thought that the opposition of the London County Council was merely obstructive, fractious, or irresponsible opposition. I may say, Sir, that I have associated with me in this opposition, though they are not themselves objectors before you—they are supporting my opposition—the whole of the Metropolitan Boroughs, and the clients for whom I appeared on the last occasion, the Middlesex County Council.

(President): Do you mean they are wishing you well, or contributing to the cost? There is often a great difference!

(Mr. Geoffrey Lawrence): With regard to the first part of your question, Sir, the answer is undoubtedly in the affirmative. With regard to the second part of your question, I can only say that I do not know!

It is a fact that these Councils to whom I have referred have all passed Resolutions supporting the objection of the London County Council. Many of them no doubt would have been Objectors before you, not I expect separately represented, but they would have had the status of objectors but for the fact that the time limit for the entering of objections was found to be too short in practice, in many cases, for the machinery of local government; many of these Boroughs' meetings are only held once a month and it was found to be difficult to invoke the necessary machinery in time to put an objection on the file in the proper way.

I do not know whether it would be appropriate, before I sit down, if I were to make some short observations about your future procedure, arising from the experience at any rate of my clients and myself on this occasion?

(President): Yes, of course.

(Mr. Geoffrey Lawrence): You have been, if I may say so, most helpful with regard to the matter, and have given me very considerable indulgence. I would however suggest, from the point of view of local authorities at any rate—and it will always be the local authorities whom I suppose will bear the burden of these Objections in the public interest—that it would help them very much if the time for the lodging of Objections was extended beyond the three weeks which I think they had this year. It would help very much if we could hear, as we did this year, the case for the Commission without cross-examining, see their documents, and get their helpful assistance to inquiries, before we return to this Tribunal to cross-examine and to call our own evidence. I thought, when you adjourned for, I think it was, a week, we should find that that interval was ample for those purposes. In practice, I regret to say it was not found to be enough. I assure you that that was not due to any slackness or remissness of action on the part of any person concerned. I would therefore very respectfully suggest for your consideration, that if you felt in the future that this procedure was worthy of repetition, that interval should be lengthened.

With regard to the deposit of documents on the part of the Objectors, it is extremely inconvenient for everyone concerned if those documents are late and come in in batches; but there again, Sir, if the interval between the statement and evidence of the Commission, and the reply by the Objectors, could be lengthened, then during that lengthened interval there would no doubt be time for the preparation and reading of the Objectors' documents. So it would turn upon the length of time you thought fit to interpose between the two parts of the Hearing.

There is one further matter on procedure, and that arises from the fact that one is directing one's attention at these Inquiries really to two things: One is directing one's attention, from the Objectors' point of view, to the rejection of the Scheme as a proposal, and at the same time one is having to turn one's attention to a number of matters which are analogous to clause points in a Parliamentary Bill. I do not know whether you would consider that we should treat the Inquiry, if the circumstances warranted it, first of all as a Hearing, or consideration, of the Application as a whole and as a decision on the preamble, so to speak, and then leave over these other matters for consideration and for possible adjustment at a further meeting. I have in mind the fact that if and when we have the advantage of knowing your decision upon the budget requirements, it may be we can be of assistance with consequent alterations, if any are called for, in the proposed fare structure. However, I do not suppose you would think it necessary to hold a full-dress Public Inquiry for that purpose.

(President): Is there not a danger there? First of all, let me say this: If we decide that we are not prepared to approve the scales as they stand, we shall give you and anybody else who wants to take advantage of that opportunity, the opportunity of making suggestions as to the scales to be substituted for them, but it would be really difficult or dangerous, would it not, not to have that in the form of a Public Inquiry?

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(Mr. Geoffrey Lawrence): I think you are right, Sir, if I may say so.

(President): I think it would be necessary to tell all those who have entered Objections, (a) of the decision, and (b) of the fact that they may put forward suggestions.

(Mr. Geoffrey Lawrence): Yes.

(President): Oddly enough, it is a matter of some importance, because one wants to know how much room one wants for any further discussion, and taking palatial places of this kind is really a very considerable expense—not as much as a drop in the 11d. fare, or anything of that sort—but certainly it is very appreciable.

(Mr. Geoffrey Lawrence): I respectfully agree, and possibly a meeting of that sort would not take a great deal of time.

(President): No. I think what is in my mind—do not take me as deciding anything—would be if we decide that the gap to be filled (whether it be for the London Area as a whole or for London Transport alone) is £Xm., and that is a different "X" from the figure in the Scheme, we should notify all Objectors, and we should ask the Transport Commission to put forward their proposals for meeting the new financial situation, directing them to send their proposals to each Objector and then, when sufficient time had elapsed, we should have a meeting somewhere at which the revised proposals of the Commission, and any counter-proposals of the Objectors, could be discussed.

(Mr. Geoffrey Lawrence): I am very much obliged for that intimation, Sir.

(President): That occasion could be used for such drafting matters as may occur to anybody. The only drafting matter which has occurred to me at the moment, is that it is unnecessary to provide, in the interpretation clause, what the Minister means, because he does not come into it.

(Mr. Geoffrey Lawrence): I think I cannot assist the Tribunal any further.

(President): We are obliged to you, Mr. Lawrence.

(Mr. Mercer): May I address a few words to the Tribunal on behalf of the London Passengers' Association? You will remember, Sir, that the Association did desire to be an Objector at this Inquiry, but their objection was late, and the appeal which they lodged against the refusal of the Registrar to accept an objection out of time was refused.

The matters to which I would refer, if I may, on behalf of the Association, are quite general in their nature, and are considerations which we would like to urge upon the Tribunal in relation to the Scheme. I would like first of all, however, on their instructions, to underline what my learned friend Mr. Lawrence has referred to with reference to the lodging of Objections, and to point out that associations, such as the London Passengers' Association, only meet, in their case, monthly, and to that extent it is suggested that a period of at least five weeks might elapse between the lodging of an Application and the time limit for lodging Objections, in order to allow, not only the local authorities, but associations such as this, to have time to consider their actions in these matters.

The matters to which I would refer briefly in relation to this Scheme relate first to the London passenger, to the Commission, to the Tribunal, and lastly to some concrete suggestions which the Association desires to put forward in relation to the Scheme.

(President): It is your own order, Mr. Mercer, but why are your clients put last in that order? Is it due to modesty, or what?

(Mr. Mercer): We think that the suggestions arose as a result of the consideration of the persons in respect of whom the Scheme operates and the body who will collect the fares, and thirdly the Tribunal, which has to endorse or refuse the Scheme as it is put forward; but we do feel that the first consideration in this matter is the London passenger. There is a great deal said about the budget of the Commission, but it seems to us most important first to consider the budget of the persons who have to contribute the sums asked for, and to consider the area in respect of which this Scheme will operate.

So far as the area is concerned, it does of course cover very wide differences in conditions, some of which we had referred to by Mr. Irons in evidence yesterday. If we look first at the description of the London Traffic Area, with all the references to many of the rural parts of the area, and try to conjure up in our minds the differences in those conditions and those pertaining in Oxford Street and Regent Street, we do start to get a picture of complexity of traffic conditions which will operate over the London Area. Then, if we add to that the London, Tilbury & Southend Line, that complexity is still further increased.

What we would ask you to do, Sir, is to compare this area with Provincial areas; in other words, this vast territory, and its many millions of peoples, an area which is more or less complex, with an area such as Manchester, Birmingham or Liverpool. If you say, as we feel you must, that it is far more complex, then it demands a Scheme accordingly.

With the greatest respect, we would suggest that there would be a great deal to be gained by a detailed consideration of the fares structures which operate in the Provinces, and a consideration of the possibility of applying the principles which operate in respect of the Provinces, altered in accordance with the conditions pertaining in this vast and complex area.

I propose to deal with these matters quite briefly, Sir, and I leave that consideration for you.

I said, secondly, that this area is served by the Commission, and the Commission's duty is referred to in many parts of the relevant Statutes. I would refer quite briefly to one in Section 3 of the 1947 Transport Act, subsection (4), where it is set out: "All the business carried on by the Commission, whether or not arising from undertakings or parts of undertakings vested in them by or under any provision of this Act, shall form one undertaking, and the Commission shall so conduct that undertaking and, subject to the provisions of this Act, levy such fares, rates, tolls, dues and other charges, as to secure that the revenue of the Commission is not less than sufficient for making provision for the meeting of charges properly chargeable to revenue, taking one year with another". There is therefore a double duty, first so to conduct the undertaking, and secondly to levy such fares, and so on, as will carry out the objects referred to.

If we look at that picture of the Commission as a whole and refer to the Reports, we do find that the activities of the Commission are split up into various other divisions, and the principal carrying activities are referred to in various Financial Statements under headings IV (1). Thus we find: British Railways, collection and delivery services on British Railways, road haulage, the Provincial and Scottish road passenger services, London Transport, ships and the carrying operations of the inland waterways; and if we study the financial results of those various activities from 1950 onwards, we find that there is a very similar pattern running through the Reports, so far as the financial results of those activities are concerned.

Thus we find that in 1950 British Railways showed net receipts over working expenses, using "Working Expenses" as defined in these Reports, of £26·33m.; the collection and delivery services made a loss; road haulage made a loss; Provincial and Scottish road passenger services made a profit of £3·39m.; London Transport made a profit of £1·7m., and the ships made a profit of £2·85m. The carrying operations on inland waterways made a loss.

If we relate those results with the quantum of fixed assets and goodwill as shown in the Reports, we get a percentage of one to the other which again tends to follow a more or less uniform pattern: British Railways 2·0 per cent.; the Provincial and Scottish groups 9·0 per cent.; London Transport 1·0 per cent.; ships 6·0 per cent., and the other activities made a loss.

That position altered to some extent in 1952, where the profits of British Railways went up to £39m.; but so far as London Transport is concerned, there has not been a great deal of change in the amount of net receipts over working expenses, and the percentage in relation thereto on the fixed assets and goodwill over those years.

In 1950, as I have said, the result was £1·7m.; in 1951 it was £1·55m.—that is a loss; in 1952 there was £0·95m. profit, and in 1953 it was £0·6m.

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So that if we look at those activities and their history over those years, it will be seen that to ask London Transport to make a profit of anything in the nature of £5m. or £6m. is going to be a radical departure from what has happened in the past, and it also illustrates the fact, if I may say so, that the division of contributions to Central Charges has not been an equal division in any fixed ratio, so far as the results themselves are concerned, and I would suggest that that appears to be the result of normal commercial practice in the sense that if you have a number of activities, it is rather a matter of false hopes to expect those activities to show a balance over working expenses in any fixed pre-determined order. The activities, of course, are subject to varying conditions, and they, therefore, will have varying results; and no matter what we say, or anybody else says, that condition will continue to apply.

I leave that consideration at that point, Sir, and I turn now to the question of this Tribunal in relation, in this case, to the London passenger. I suggest that the London passenger tends to regard this Tribunal as a buffer between the passenger and the Commission; in other words—

(*President*): Well, some of them do. I saw that someone, with a singular disregard of the dangers of commenting on proceedings of this sort, wrote to some paper and said that we had already made up our minds—but perhaps there are others who do not think so.

(*Mr. Mercer*): That may be so, Sir; people have varying views on these matters, but I think that, generally speaking, the public looks upon this Tribunal, particularly, of course, in London, for (shall I say, for want of a better word) protection against any undue demands which might be made on them in respect of transport.

Of course, under the Road Traffic Act of 1930, so far as provincial operation is concerned, it is provided that the duty of the Commission, so far as fares are concerned in the provinces, is to see that fares shall not be unreasonable; that is part of Section 72.

That, of course, covers a very wide scope, and it is, I suggest, not unreasonable that the London passenger, to the extent that he knows or appreciates conditions outside London, feels that at least also in London, fares should not be unreasonable, and that it ought to be the province of the Tribunal to see that that applies.

Whether that is possible or not—in other words, whether the jurisdiction of this Tribunal is such as to allow for the exercise of discretion in that way—is, we suggest, a matter for the Tribunal to consider; and we think it might be helpful in any Memorandum which the Tribunal publishes in respect of this Scheme, for them to be able to consider what is the limit of their jurisdiction in these matters.

By Section 85 of the Transport Act, 1947: "Neither the Commission nor the Transport Tribunal shall do anything in the exercise of their respective powers as respects charges and the submission, confirmation and alteration of charges schemes which in their opinion will prevent the Commission from discharging the Commission's general duty to secure that their revenue is not less than sufficient for making provision for the meeting of charges properly chargeable to revenue taking one year with another", and as you yourself, Sir, have pointed out, under the Transport Act of 1953 the Tribunal has to fix maximum charges, and it "shall save", as referred to in the Act, "and subject to the provisions of this Act, secure that the charges to be made are left to the Commission's discretion and that no conditions or limitations are imposed on that discretion". The relevant sections in the Road Traffic Act, one of which I have referred to, are, of course, excluded for these purposes. But what concerns my clients is that if the Tribunal is a fare-fixing tribunal, one would have thought that this question of "reasonableness" was relevant to its considerations.

(*President*): The Tribunal is not a fare-fixing tribunal; it cannot do anything except fix maximum fares.

(*Mr. Mercer*): That is so, Sir, but if in fixing those maximum fares it is only concerned with apportioning a liability which accrues from the operations of the Commission in this area, you will see that to that extent

it becomes, as it were, a taxing or rate-fixing authority, very far removed from the powers conferred upon the Commissioners in the provinces; and we think that that is a serious matter which ought to be considered, having regard to the effect it is going to have upon, in this case, the London passenger.

(*President*): I do not understand what we have to do with the Traffic Commissioners in the Provinces. No doubt they are excellent bodies, but they are regulated by one statute, or statutes, and we are regulated by another.

(*Mr. Mercer*): That is so, Sir, but if I may say so, the 1953 Act just about came hard on the heels of the last Scheme—

(*President*): It did not come on its heels; it came before the Scheme was published.

(*Mr. Mercer*): That is so, but this is the first Public Inquiry, I think, since the Act came into operation.

We would suggest that those are matters which are relevant for consideration in endeavouring to ascertain what is the limit of the jurisdiction of the Tribunal.

(*President*): But how can the statutes relating to the Traffic Commissioners in the Provinces and outside the London special area be relevant here?

(*Mr. Mercer*): I do not suggest that they are in the slightest.

(*President*): Then why call our attention to them?

(*Mr. Mercer*): I am putting to you, on the instructions of my clients, that if the travelling public in the London Area has less protection in that sense than the travelling public in the Provinces, then that fact ought to be underlined in any decisions, and ought to be given the widest possible publicity.

(*President*): We do not exist for the purpose of giving wide, or narrow, publicity, Mr. Mercer. You may take it as absolutely certain that we shall not discuss the law relating to the regulation of fares by Traffic Commissioners outside our Area.

(*Mr. Mercer*): No, Sir, but surely you will consider, in coming to a decision on this Scheme what your powers are in coming to that decision.

(*President*): Certainly.

(*Mr. Mercer*): And at this stage we do suggest that in any decision made, to the extent to which the Tribunal come to any decision about their jurisdiction, that that ought to be, or could be, part of any Memorandum for the benefit of Objectors and the public generally.

(*President*): Is there any dispute about our jurisdiction? You cannot expect anybody to write a textbook on the Act; it is bad enough to have to read 49 Statistical Tables and ten days of evidence; are you really suggesting that the Tribunal should write a textbook on the Act?

(*Mr. Mercer*): No, Sir; but the case put in respect of this Application by the Commission is: We submit that our working expenses are so many pounds; we submit that a contribution to Central Charges apportioned on a basis to which we referred previously and which was referred to in the Memorandum of last year, is so and so. It seems to be put in this way, that all the Tribunal has to do is, having found what is the correct figure, to apportion that sum as a sum payable by the travelling public of this Area.

(*President*): That is what we ought to do. The other people may be all wrong, but what is your submission as to how we should approach the problem?

(*Mr. Mercer*): We are not making submissions as to how the Tribunal ought or ought not to approach the matter; we are asking the Tribunal to set out how they will be approaching this problem, and if that is the correct approach to it—because we suggest that if that is the correct approach to the problem, then we have a way of dealing with the matter in London which is inferior to that which is applicable outside London. I do not suggest that I can come here and, in the short time which is at my disposal, solve a number of problems—

(*President*): You have very nearly all eternity at your disposal, Mr. Mercer; do not think that we shall be

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[Continued]

unwilling to listen to you as long as your notes will permit. But do you find that the approach of the Tribunal on the last occasion, so far as it is discernible in the Memorandum, was wrong or right?

(Mr. Mercer): To the extent that they appeared to take the costs of London Transport, or the costs in the London Area, and then appeared to take this notional portion of Central Charges applicable to the London Area, and then appeared to divide that between the passengers in London, that may have been the correct approach as the Tribunal interpreted their powers under the relevant statutes, but we would suggest that if that is so, then there is room for the statutes to be amended.

(President): Well, there is not room for that here.

(Mr. Mercer): Exactly, Sir; but we are pointing out that there is room for differences of views as to the interpretation of those provisions, and we are simply drawing your attention to those facts, because it is our submission that if that is the approach, then the London passenger is not only suffering by having to pay higher fares than are paid outside London, but he is suffering from the limits of the jurisdiction of this Tribunal, in so far as it can protect him: and we are asking that those matters should be reviewed in so far as the Tribunal deems it possible to do so within their powers, when considering this Scheme.

I am sorry I cannot take it any further than that on my instructions, Sir: we are not, as I said earlier, here to submit in relation to these matters concrete proposals; what we are saying is that those are considerations which we suggest ought to be in your mind in considering this Scheme.

So far as the Scheme itself is concerned, and any proposals that my Association might put forward in relation to it, in our view it has the disadvantage which I suggested earlier, that it suggests that a fixed rate of profit can be made from various types of business; in other words, it suggests that it can apportion Central Charges as referred to previously, and expect London Transport to make those payments towards Central Charges.

In that, of course, it was supported by the Tribunal on the last occasion, and no doubt the Tribunal will forgive my Association if I say, with respect, on their behalf, that they do not agree with the decision on that point, for the reasons I referred to earlier, namely, that whatever the Commission says, and however far the Tribunal endorses it, we say that they will not make this fixed ratio of profit, and therefore it ought not to be part of any such Scheme.

Further we suggest that this Scheme does not cater for the mixed population of the London Area: it does not cater for the differences and the complexities in that area in the sense that by and large it is a stage carriage fares Scheme applicable over the whole area.

We know, of course, that in the application of these Schemes there are some excursions run by London Transport at lower rates; we know, of course, that quite recently they have introduced excursion fares in the evenings on the Tube railways; but they are small in relation to the whole, and our complaint, so far as the Scheme is concerned, and its structure, is that it is a primitive Scheme—one which is, as Mr. James would say, over-simplified in relation to the needs of the London Area; and whilst it follows that, we would suggest, almost crude and primitive nature, it will not satisfy the needs of all the persons concerned. It says, in effect: "We are going to get more money out of the same pockets; we are not endeavouring to get new traffic; we are going to get so many more millions out of the same pockets"; and whatever the Commission says in that regard, and however far the Tribunal may endorse that view, my clients say that the Scheme will be a failure, and the money will not be collected.

Further, we are concerned that the Scheme and the way in which it was put tends rather to say this: "We disclaim, although we are a public authority, any social responsibility in these matters. This is a commercial matter, and we are going to introduce alterations in our fares structure to the extent that it is going to be a commercial success."

We feel that if you have that attitude all the time, the question of social responsibility gets mixed up with the question of commercial considerations, to the disadvantage of the organisation providing the facility, and such questions as the increase of the age for half-fares for children, although they are social matters, have a commercial consequence, and we support the other Objectors to the extent that the policy was stated on that one point, children's fares.

There is, of course, just this to be said, that the people in the London Area demand equality, and so we get equality in the terms of 2d., 4d., 6d. and so on. We suggest that although there is a demand for equality, it is no more a demand than exists outside London, and a demand for equality of treatment in widely varying conditions is not met by a Scheme which itself shows equal steps; the Scheme must show differences in order to give equality.

Lastly, Sir, on this part of what I have to say, so far as London Lines is concerned, the London Passengers' Association is concerned at the vast amount of money, which appears to be spent in consolidating the Commission's case, so far as this part of their activities is concerned. My clients hold the view that having regard to their comparisons with London and the Provinces, London Lines, being part of British Railways, should be run by British Railways in the same way as it is run in the Provinces, and any provisions such as cheap fares and the like which are available to Manchester, Birmingham and Liverpool, ought equally to be applicable in the London Area.

I have been asked to make some specific suggestions in relation to some of the matters which the Association has considered from time to time. The first is that every effort should be made to improve loadings. We hear very little of loadings in these Schemes, and that seems to me to be a defect. So far as the consideration of these matters is concerned, the Association suggests the introduction of shuttle services to save costs, and cheap fares out of Central London in the same way as they have been introduced into Central London.

With regard to the competition of the car, it is suggested that that might be met by the development of parking facilities at outlying Tube stations; many motorists are not very happy about driving their cars in Oxford Street or Regent Street.

(President): Are you suggesting that we should put something in the Scheme to say that there should be a bigger parking place at Osterley Park?

(Mr. Mercer): Obviously that would not be a matter which could be put in the Scheme, but it is relevant perhaps in this connection, if it is the factor, or the main factor, that we have to consider the cost of operations—the extent to which we can point out the necessity for car parking facilities; we would suggest that opportunities for increasing traffic to that extent have been neglected, and to the extent that they are developed, so the necessity for increased fares drops.

The Association also also supports the encouragement of traffic in the mid-morning and early afternoon by cheap tickets; they also ask for road/rail combined tickets. They are specific matters which have been considered by the Association in their endeavours to assist the Commission, so far as they can, in the solution of the problem that faces it.

They also endorse the suggestion which has been made that the Commission and the Objectors might meet to endeavour to agree on a Scheme in the way that has been referred to. The Association would itself be pleased to assist in any such matters, and to show a spirit of co-operation with the Commission in solving these difficult problems.

We feel that what you have in fact said just recently is true; that if you have a Scheme, it is better for that Scheme to be agreed between the parties than for the Tribunal to say: "We think in fact that you do not need all this money; we will alter this Scheme here, there or somewhere else. After all, the Commission has to carry out any Scheme finally agreed upon, and we think that they ought to have a say about any amendments put forward in the Scheme."

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(President): I have not said that I think the Scheme ought to be agreed between the parties.

(Mr. Mercer): I am sorry if I put it that way, Sir; I know that you did not put it in those words. The Scheme need not be agreed between the parties, but what we are suggesting is that it would be better for the Commission and the Objectors to have the opportunity of considering any amended Scheme, rather than take a part of the Scheme as put forward at this Inquiry. The Commission has put this 1954 Scheme forward as a whole, and I feel quite sure that it would embarrass them to have it returned to them in part; they ought to have the opportunity, with the Objectors, to reconsider any amendments that may be required.

In the hope that those submissions may assist the deliberations of the Tribunal, and notwithstanding the fact that we do not attempt to solve all the problems concerned, we do ask that the interests of the London passenger be considered along the lines which I have put forward.

(President): Is there anyone else here who desires to address us? I thought it unlikely on the Friday before Whitsuntide, but we must give everyone a chance.

Mr. Willis, we have had statements from two bodies, the Southend-on-Sea Corporation and the Travellers' Club of the Thurrock Ratepayers' and Residents' Association. We made a suggestion—I do not know whether it was to all Objectors, but certainly to those to whom we thought it might appeal—that instead of coming themselves, or even instructing somebody to come and speak for them, they might like to put their observations in writing, and these are the two written statements which we have received. I think copies have been supplied?

(Mr. Harold Willis): Yes, Sir.

(President): I do not think you will want to begin your address now, Mr. Willis; if you are going to address us, can you deal with a single topic once and for all in five minutes?

(Mr. Harold Willis): I am afraid not, Sir.

(President): Will you be able to finish to-day without any doubt?

(Mr. Harold Willis): Yes, Sir; I think I shall take about an hour and a half.

(President): Very well; we will adjourn now until 2 o'clock.

(Adjourned for a short time.)

(Mr. Harold Willis): May it please the Tribunal: it now falls to me to reply to this case and although a great number of points have arisen at these proceedings I do not think it will be necessary for me to take an unduly long time in presenting the reply of the Transport Commission.

The first thing, Sir, that I desire to emphasise is to repeat what I said at the last Inquiry in regard to this sort of Application. This Application, like its predecessors, is submitted to the Tribunal by the British Transport Commission by virtue of the statutory duties and obligations imposed on them under the Transport Act of 1947, a duty to take appropriate steps to see that its revenues are adequate to meet its expenses. It has been generally agreed that London should stand on its own feet and it therefore becomes the duty of the Commission, if and when it appears that London is not standing on its own feet, to take such steps as are appropriate to remedy that position.

It is quite wrong therefore to regard an Application such as this as one intended to profit the Commission and to penalise London; that is not, in my submission, the correct approach at all. There is no question of profit here nor, Sir, is there any question of an intention to penalise London. The Commission are not making a case for increased fares in order to be able to pay bigger dividends to shareholders; that is not the sort of thing we are dealing with, and it was for that reason, Sir, that I did suggest to Mr. Hill that in some respects the attitude of the London County Council in this matter was to be regretted.

The Transport Commission, of course, accept that the London County Council have the right to appear as Objectors to Applications like this; it may well be that they have a duty to do it in appropriate cases and they are fully entitled, in my submission, if they are not satisfied that an Application for increased fares is right, to come to this Tribunal, take part in the proceedings and seek to establish that that is true.

But that is not quite what has happened here. At least, it is not that part to which I raise the slightest objection. What I did object to was this, that a great body like the London County Council, to which Londoners look for their guidance in matters of this kind, should state publicly before any Inquiry was heard at all by the resolution of their General Purposes Committee that—it was in this form—it is commonly expressed in the phrase that the proposals were unfair to London.

What in fact was said was, "The fares outside London will remain unaltered and the inequity already existing between fares inside and outside London will be increased still further." The Transport Commission and the London Transport Executive value very highly the goodwill of the mass of Londoners who travel on their services, and they cannot help feeling that such an expression of view by the London County Council at that stage must tend to mislead the public and to alienate that goodwill. If we do anything wrong we run the risk of losing that goodwill, but in my submission we should not risk losing it merely because we are carrying out our statutory duties in presenting a Scheme.

Another criticism was made by my learned friend yesterday of a general character on the lines that we resented criticism. That is quite wrong; fair and proper criticism we expect and, indeed, welcome, as a public body. What we do object to are dogmatic statements that we are wrong with no explanation, often, as to why or in what respects. I have never suggested, Sir, at any stage of these proceedings that any of the Transport Commission witnesses are infallible, or that their evidence should be accepted merely because they have given it. That has never been my approach to this case, but when the evidence is challenged by persons with a good deal less experience, but perhaps with a great deal more assurance, then I am entitled, with respect, to examine the justification for that challenge.

Now, Sir, at this Inquiry the issues in dispute are far fewer than at last year's Inquiry and the earlier Inquiries and I think, if I may say so, with respect, a great deal of the credit for that lies in the Memorandum of the Tribunal which was issued after the last Inquiry. It has eliminated from the sphere of discussion a number of matters which might well have been resurrected in the absence of the Memorandum.

On the first day of this Inquiry, Sir, I put forward three submissions; I first of all submitted that the London Area must pay its way; secondly, that London today is not paying its way; and thirdly, that the proposals in the Scheme do represent the right way of meeting that position.

As to the first point, Sir, I think I am right in saying that only Mr. Reid, representing the London North District Committee of the Amalgamated Engineering Union, did not accept the first proposition. I think everybody else accepted it and therefore I am not going to say any more about it. It was, of course, implicit in the Tribunal's decision as contained in the approval of the Scheme and as indicated in the Memorandum.

As to the second point, that, of course, Sir, does involve an examination of the estimates, and it may be convenient if I were just very shortly to recapitulate the estimates as we put them before you. They were made up, of course, of estimates for "Z" year and were in two component parts: London Transport receipts, £70.6m., to which is added £0.4m., miscellaneous £71m., working expenses £70.1m. At that stage, Sir, that produces a surplus of £0.9m., to which falls to be added commercial advertising, £1.3m.—

(President): As a credit?

(Mr. Harold Willis): Yes, added to the surplus as a credit—

(President): Quite right.

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[Continued]

(Mr. Harold Willis):—of £1.3m. making a total surplus at that stage of £2.2m. Central Charges fall to be deducted from that, leaving in the end a short fall of £3.3m. for London Transport.

Of those figures, the only figure in issue at the moment is the £70.6m. receipts. Turning to London Lines, figures for which are shown on BTC 703: receipts, £22m.; working expenses, £22.3m., and a deficiency at present charges, £0.3m., reduced by the commercial advertising of £0.1m. to £0.2m. If you take the Central Charges into account, £2m., there is a short fall on London Lines' present charges "Z" year to £2.2m.

That reduces the result, if you take those two together and find the position of the area as a whole, a short fall of £5.5m. at existing charges, and so far as London Lines is concerned, Sir, the only figure in issue is the £22.3m. of working expenses.

Now, Sir, what I propose to do at this part of my speech is to deal with these two elements of dispute, separately, of course, but not at any undue length, I hope. On London Transport receipts—the £70.6m.—here, again, the issue is a quite narrow one; the only question is: are our estimates too low for "Z" year and should they have added to them two figures, £0.667m. for the downward trend and £0.282m. for what is in effect the inaccurate addition of the yield of the previous scheme for "Z" year. That produces in total a figure of £0.949m. But as you yourself pointed out yesterday, Sir, the real issue is: Is the estimate for "Z" year properly put at a figure of £70.6m.? Nobody disputes at all, as I understand it, that the right way to approach a "Z" year estimate is to work on the basis of 1953. That we have done, looking at it in this way: Is there anything in the 1953 position which has to be adjusted to form a fair figure for "Z" year? And, leaving out the £0.282m., Sir, for the moment—I will come back to that; it arises in a rather different way—the £0.67m. is the important figure here and it was described in the Exhibits of the Commission as an allowance for the falling trend in traffics shown as we thought in 1953.

A falling off of traffics in 1953 there undoubtedly has been, and no-one disputes it. The start of this falling off was of course apparent at the last Inquiry, and at that time Mr. Valentine, as has been pointed out, over and over again took the view that that was a fall which would right itself. Events have, of course, proved that to be an optimistic approach and we were proved to be wrong. And having been proved to be wrong in that event the question arises as to whether Mr. Valentine and the Commission were not justified in attributing to that fall a continuing insignificance.

I am not going to take up a lot of the Tribunal's time with arguments as to the precise meaning of the word "trend", whether that is described in Exhibit 8 in the precise words which are appropriate, because in fact it does not matter. It does not really matter how you describe it. It certainly is a falling off and we have taken the view that it is a falling off which is likely to continue into the next year. Here, in my submission, BTC 709 Page 166, is the crucial document. My learned friend with his usual skill as an advocate endeavoured to try and meet that in advance by himself referring to it—a very good mark for an advocate in regard to a point that is so vitally against you; always try and say as much about it yourself as you can in order to try and detract from its completely damaging effect, and of course my learned friend has done that!

But whether Mr. Valentine was right or wrong in describing the £0.67m. allowance for 1954 as attributable to a downward trend, or whether he could have used some other phrase for it, do not the figures in BTC 709 make it abundantly clear that an allowance of that kind was fully justified, and that if we had not made the allowance the position would be far worse today on the estimates that we are putting forward?

Now, Sir, may I say a little about one or two of the matters on BTC 709; the first criticism that is made by Mr. Hill is that we made the apportionment wrong. Of course, if you are trying to make a case on matters of this kind, sometimes it is convenient for you to say: You have put too much into the first half. Sometimes it may be convenient for you to say: You have put too little

into the first half. The way in which these apportionments are built up is really quite simple; there is a misconception about the way these are built up which I do want to remove; it is Question 1519 on the Fifth Day which does, I think, reveal a little misconception on the part of my learned friend in regard to this matter. Question 1519, in the cross-examination of Mr. James: "This is, perhaps, argument, but I will just put it to you: If there is an actual error in the sense that the estimate is slightly out, even though you are giving your best skill and attention to it, at each one of these stages there may very well be a substantial error by accumulation at the end of the whole calculation?—(A) I would say not, because the nature of these calculations must be such that errors tend to be up and down, and to offset one another".

He had explained earlier, Sir, I think, that the way the thing is built up is of course first of all in the aggregate. You get your total first and having built up your total it is then spread out over the periods in order to provide, for the domestic use of the Transport Executive, a guide, period by period, of how things are going. They have, of course, no interest in weighing one bit with a bigger part of the estimate than any other. They want to weight it with the right part, so far as it can be done, and that of course is how it happens.

(President): That is your strong point on the budgets, is it not, that they are made for their own purposes, for the purposes which would be ill-served if they were deliberately or carelessly done, still more if they were deliberately miscalculated?

(Mr. Harold Willis): They absolutely fail in their object altogether, Sir. Now, of course, Mr. Hill has criticised these apportionments. He did not suggest any alternatives, but the really significant point about the 1954 apportionment is this: Mr. Hill has argued, as I understand it, if you had taken a downward trend of £0.667m. in 1954, you ought to have made an allowance for that in your apportionment so that there should be a little more receipts as estimated in the first part, and a little less in the second. Now, of course, in fact that would only involve fractional alterations, but if we had done it the only effect, of course, Sir, would have been that we would have thrown up on BTC 709 a bigger loss at this juncture because we should have estimated more coming in, and not less.

(President): I did not understand Mr. Hill. Certainly I did not understand his main criticism of BTC 709. I thought his main criticism of BTC 709 was that the budget allocations shown in BTC 709 bore a more than striking similarity to the budget allocations for 1953, which had been proved to be wrong.

(Mr. Harold Willis): That was another criticism, Sir, but he did also raise this point, that if we are right in saying there is a downward trend by adopting the budget—they link up together really—by adopting the estimates for 1953, one did not assume a downward trend *ex hypothesi*. At the beginning of 1953 we were hoping for stability. Your 1954 apportionment must therefore be wrong, and all I am pointing out is that if we had done our 1954 budget with due regard to a declining trend, the only result would be a little more in the first part and a little less in the second; a bigger deficiency at this stage and less at the end, but over the whole, yet, exactly the same.

(Mr. Poole): What he said was, I think, that it should be a different curve; is not that so?

(Mr. Harold Willis): Yes, I think so, and I took that to mean, Sir, you should have loaded a little more into the first part because of the falling off towards the end.

(President): Yes; I think that is what he said to me.

(Mr. Harold Willis): As I pointed out, the only result so far as this document is concerned is to throw out at this stage a rather bigger deficiency than is already shown.

(President): I do not understand how a continuously operating downward trend can operate more strongly in one month than another.

(Mr. Harold Willis): I think—

(President): To a statistician, I mean—assuming that there is a downward trend which you only express in terms of an annual figure.

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(Mr. Harold Willis): Yes, it depends how you express it, but as I understood it the criticism was that we had done it on the same basis, levelling the matter throughout from the beginning to the end, and that that was in some way wrong. All I am at pains to point out is that if we had done it on the purest basis Mr. Hill suggested that would be the result, and that result only.

(President): Yes; in other words, you say according to that theory your budget figures for the first twenty months, week by week and period by period, would be higher, and therefore your minus figure in the last column would be higher.

(Mr. Harold Willis): Yes.

In my submission, Sir, these figures of 1954—as my learned friend really admitted and as I think Mr. Hill ultimately began to admit when he saw the latest week in May—do really make it quite plain that no opponent can come to this Tribunal and say that an estimate of receipts for “Z” year of £70.6m. is not a proper and reasonable figure. If we had been guided by Mr. Hill in this matter and had in fact knocked off something of the order of £1m., that is the £0.667m. and the £0.282m., of course, the accumulated deficiency today would be something of the order of £500,000 or £600,000. I need not trouble the Tribunal with the precise figure.

(President): It is £0.367m.

(Mr. Harold Willis): £0.367m. extra was the figure he gave to me, I think. If one finds that figure, can one possibly reach the conclusion that our estimate in regard to “Z” year is not one which is fully justified? If anything, in my submission, the conclusion you must come to is that it is on the high side, not on the low side, as Mr. Valentine rather suggested.

So much for the factual approach to the question of the estimates. It is a little useful, I venture to submit, to look at the probabilities of the matter. We know perfectly well from statistics—and it was admitted by Mr. Hill—that from 1948 there had certainly been a general downward trend of bus traffic not only in London but all over the country, and the question is really, is it not, is that likely to be still continuing? Various factors have contributed to that falling off; more private cars, more other amenities available, more television sets, more food is available in the shops for people to spend their money on and all sorts of things like that which, taken together and amongst other things, have tended to lessen the use of money by people on travel.

Testing it by probabilities and with the figures Mr. Valentine gave as to cars and television before you, can you really not say that the probabilities are such, quite apart from the figures, that that downward tendency is likely still to be continuing? I am merely using that in this case as a general support because the figures here are so extremely strong in my favour. But Mr. Hill has, if I may say so with respect to him, blinded himself to reality by his mass of figures. He has not looked at the thing from the point of view of reality at all.

(President): When does commercial television start; during “Z” year? Will its affect be adverse or favourable?

(Mr. Harold Willis): I am not prepared at this juncture to put a figure of percentage or a table in in regard to that matter.

In regard to this question of increases of falling traffics generally, there are some rather curious things which have emerged. My learned friend Mr. Lawrence said that it is really the fares increases which are causing the trend, which is rather inconsistent with his earlier argument that the fall comes directly after you have put on the increases and then tends to level out. He cannot have it both ways.

Then my learned friend raised a number of other matters in regard to these estimates of receipts on this very large number of tables which has been put in. I hope I am not doing him anything less than justice if I do not attempt to go through all those tables.

(President): He did not; he relied upon us going through them again.

(Mr. Harold Willis): And I am pleased to say, Sir, that I think there are only two of the tables altogether

about which I am going to say something. I just want to say a word about table LCC 201; that is the passenger journeys table.

Of course, there are two or three fundamental criticisms in this. First of all (this is page 62) passenger journeys are of course a guide and are followed, as Mr. Valentine says, but they are not really as decisive as passenger receipts. Furthermore, the value of table LCC 201 largely disappears when you put the right figures in for the first three periods and appreciate that the Coronation came in the middle periods. That is a theory which for that reason ought to be taken out altogether. There is really very little of that table left which is of any useful guide at all.

Let us just quickly turn to table LCC 209, which was also suggested as having some value in this matter. There, of course, the really significant figure is the 2d. fare and that is the only figure I want to refer to there, Sir. We find, as noted here, that “the fare was unchanged although there was a drop-back from the 3½d.” In my submission that shows in the clearest possible way some falling off of traffic generally, quite unaffected by any fares increase.

(President): Was not the criticism on that argument that though it was true the fare was not unchanged as far as the adult component of it was concerned, it included a children’s travel figure?

(Mr. Harold Willis): Yes, but the fare was unchanged in that aspect as well.

(Mr. Poole): No, it was 1½d. before, or half the 3d. fare, then 2d. became half the 3½d.

(President): The children who used to travel as 1½d., after the change in the ordinary scale were travelling at 2d.

(Mr. Harold Willis): But Mr. Hill agreed—I put this particular point to him—that the “Y” year figure contained the element of the children’s travel as did the “Z” year. They both contained that element, and when you put the two things together you find that results in a decline. But probably the most important point to have regard to is that the children’s fare, whatever impact that had, represents such a trifling proportion of the total. I understand the figure of the total value is a 1/25th part. So the only inference one can draw in regard to the 2d. fare is that it does show a fall, notwithstanding that the fare has remained unchanged. It is an indication; it is not very decisive in itself, but it is a pointer, in my submission, to declining trend.

Now, Sir, I said I would say a word or two about the £0.242m. That is a figure arrived at purely statistically. It is rather like the £0.12m. on the last occasion. It is not a figure representing any mental application to probabilities.

(President): I forget what table it is.

(Mr. Harold Willis): That is on LCC 211, Sir.

(President): I see; page 143.

(Mr. Harold Willis): I do not think I could justify taking up much time on it. It is all based on the suggestion that too much of the total yield from the last Scheme was attributed to 1953 and too little therefore was left over for 1954. Mr. Hill says if you applied less in 1953, there would be more to apply in 1954. It is all a matter of saying: Well, if you had not applied any in 1953, of course there would be more to add to 1954. But it does not do anything except exhibit some statistical elasticity.

I do not propose to say any more about the receipts. I submit the evidence we have put forward does prove quite conclusively that our estimate of receipts for London Transport is unassailable, and that the Tribunal should accept the figure of £70.6m.; if anything, as I say, it is too high, certainly it is not too low. That is all that arises as a matter of controversy on the London Transport estimates.

Let us now turn to London Lines expenses. Here I want to deal with the matter a little more fully. We have, of course, always conceded at all Inquiries that a precise estimate of London Lines expenses is not possible for the reason that those services for which you are trying to cost the expenses are joint expenses. We were invited at the last hearing on the last day by the Tribunal

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to try to do the costing on a more precise and up-to-date basis. You will recall the way in which it had been done before, the pre-war formula figures being built up to take into account changes over the years. It was said that that was not a satisfactory way, and to those figures were added these various percentages to get first of all your terminals and then another percentage was added to get your joint costs, as they were then called. The Tribunal invited us to try and do the matter on a more precise basis. I hope the Tribunal will have reached the conclusion that a very great deal of careful effort has been put into this matter, and we have presented the results to this Tribunal so far as they have gone.

The pattern of the costing is of course the familiar one. We still have the three elements, the terminal, the movement and what we now call track; but there are of course some significant differences, so far as the movement costs are concerned. As I have pointed out, they have been costed *de novo*. The addition and subtraction method has been dispensed with; it has been costed *de novo*. In the process of that costing, very substantial parts of the movement expenses have been able to be segregated; they have been found in separate pockets, if I can so describe them, which can be subjected to accurate and precise costing. It is admitted that some parts of those movement costs have had to be approached on a different basis, but from the evidence you have had given by Mr. Winchester, I venture to think that you could be satisfied that they are costed on as good a basis and with as much precision as is possible.

So far as the terminals are concerned, the rather significant fact is that they do show that the figure of 33½ which was adopted last year is just about right. But again, arriving at that conclusion, the important thing is that a substantial amount of actual has been found and costed, of course it has been London actual, as to the system as a whole.

With regard to the track costs, again it is the track costs on the section of London Lines in regard to the Purley district which have been taken. As you have heard in connection with other parts of the Southern Region, certain costs on the basis of a mid-way figure between Purley and Brighton have been taken. I do not want to take up too much time in going through these matters in detail. The precise approach was very fully explained by Mr. Winchester, and the information supplied to the London County Council is in the documents which are before the Tribunal.

Mr. Hill, who so consistently in the earlier Inquiries has criticised us for not doing costing on a more precise basis, now says that we have been largely wasting our time. He says that they are not costings at all in fact, because so many were test costings. That was his criticism. That was at Question 2480; I do not think I need trouble you to turn it up. But it is a little significant that he agreed with me, and he had to admit that the pre-war formula to which he wanted to go back was itself largely costed on the test cost basis. He cannot have it both ways. He is not slow to put forward his criticisms, but his criticisms throughout were of the most vague and general character. He has had a great deal of information; I have no doubt it was he who asked for the information in the way for which it was asked; but of actual criticism there has been virtually nothing. Some of his criticism has in fact—what little there was of it—been misconceived. He suggested, for instance, that in regard to costing track costs there might well have been quite abnormal expenditure to which we had no regard.

Mr. Winchester particularly dealt with that at Question 1959; I think it was in re-examination at page 129. Perhaps I ought to read one or two of the early questions. Question 1955 reads: "So far as track and signalling costs apply to the Southern Region, they are based, are they not, on 1953 actual costs for large and representative samples?—(A) Yes." Then Question 1959: "Have they also considered the question as to whether the 1950 expenditure is a fair basis?—That must mean the 1953 expenditure.—"(A) Yes. Some of the expenditure of course is very much the same from one year to another, but certain kinds of expenditure can be larger or smaller in a particular year. We asked them, and they were

satisfied that they were doing a reasonable average amount of work in 1953." So the possibility of abnormality was of course present when these costs were gone into. Had it been found that, in the Purley Region, in 1953, some quite unusual amount of track repair had been going on, it would have been taken into account. While I am dealing with this matter of London Lines, you will recall the figure for the effect of the altered mileage on the "Y" year estimate; it came to a total of 1-4.

If one is looking at it from that point of view, it is I think significant if, as my learned friend and Mr. Hill have suggested, once or twice, the errors all seem to be one way. It is a little interesting to see where "Y" year would be had it been completely correct. Had that been so, there would have been a lower figure on the London, Tilbury & Southend Line of £0-16m.; the London Lines warrants figure would have been £0-25; and the traffic estimate of receipts for "Y" year would have been £1m. less. You will recall that Mr. Valentine gave as his estimate of receipts for "Y" year £67-7. The "Y" year actual was £68-4, and of course one has to take off from that the yield of the increased fares. Taking it at the proportion of £1-7, it gives an actual for "Y" year of £66-7, £1m. lower than we had put forward. So if you add those up together you see that the errors on the other side are £1-4m.

(President): What you are saying is that if we are to correct our figures in the Memorandum by reference to subsequently acquired knowledge, the correction must be applied to both sides of the account, and that if there be a correction, according to those figures you have given us, there will be a drop-off of receipts of £1m., whereas this correction on working expenses only amounts to a correction of £1-4m.

(Mr. Harold Willis): There figures are not only the London Lines figures; my figures were corrections in the aggregate in the London Area. The £1-4m. is the London Lines figure, and I am suggesting there would be errors on the other side, some on London Transport and some on London Lines which, in the result, are equal.

(President): Yes, but of course some of them are specifically corrections to the London Lines.

(Mr. Harold Willis): Some to London Lines, only. Now I do ask the Tribunal, having heard the evidence we have given in regard to those costings, having considered the extent of the criticism which it has been possible to make in regard to them, to come to the conclusion that we have certainly progressed quite a long way since last year in providing more reliable data for any estimate of London Lines. May I just add that you did before the luncheon adjournment raise a question with my learned friend Mr. Lawrence as to the possibility of adopting the suggestion that Sir Reginald had made last time in regard to this matter. What he said, if I may summarise it, Sir—you have, of course, the reference to the matter; it was both in evidence-in-chief and when he was recalled—in effect was that more weight ought to be laid on the London Transport costs than on London Lines costs because they were clearly much more precise in that case than in the case of London Lines, and that, accordingly, the level of fares needed by London Transport separately could properly be allowed to determine the level throughout the London Area subject, however, to the important reservation that this procedure should not open a demonstratively wide gap in the probable finance of London Lines. You must provide yourself with some sort of check to see that the application of the figures to London Lines produces something that is not unreasonable in all the circumstances. In other words he was saying that in some circumstances you might be able to ignore the margin of error in the London Lines figures because you might be able to see that the check you make for London Lines is such as to show that it is about right; and therefore you need really have no regard to London Lines at all. But it was never said, Sir, that the estimate for London Lines could be ignored in all circumstances. You must have regard to it; and if, when you come to look into it you find that the London Lines figures do throw up a big difference, then, of course, it may have some repercussions on the result applied to London Transport. We have, of course, considered that matter, having regard to the suggestion which you made,

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(President): Do not call it a "suggestion", Mr. Willis. Everybody here is aware of the system, which is inconvenient, of the Tribunal entering into a kind of conversation with Counsel, everybody understanding that unless they say "this is a considered and final opinion" anything one says does not mentally express a conclusion. It is a to and fro which represents waves of semi-conclusions or tentative conclusions in one's mind at the time.

(Mr. Harold Willis): It was really for that reason that I used the word "suggestion", to indicate the perhaps not completely defined view of the Tribunal. Of course, this is rather a significant point. We did adopt that approach in 1953, as Sir Reginald said last time. The decision of the Tribunal did indicate to us that that approach had not been accepted by the Tribunal because the London Area was looked at in two portions. Both were costed, conclusions were reached on each, and put together. We did feel therefore that that approach had not commended itself to the Tribunal in the way in which we put it forward.

(President): No; the course which that Inquiry took, almost made that inevitable if we were to deal fully with the matters which had been fully discussed.

(Mr. Harold Willis): I hope I will not be thought to be putting it in any way of criticism, but it is a sort of explanation as to why at this Inquiry we did not attempt to go back to that. We do however, if I can express the Commission's view, still consider that fundamentally that is the right approach in regard to this matter, subject to the rather important qualification that we do claim we have for London Lines a much more reliable figure to apply as the check for the purpose of seeing whether this is right or wrong for the Area as a whole. But we would not dissent from that approach if the Tribunal were minded to consider it, and if I might just see where one would get to if one applied that approach to this case.

(Mr. Poole): It would not be unfair to say that your new costing adjustment which is being applied, and which you say is going to be considerably more accurate, is really only the first step; that it is a progressive thing and it is likely to be more and more accurate as you go along?

(Mr. Harold Willis): I hope that is so, Sir; I think so.

(Mr. Poole): I thought Sir Reginald explained that you have not really had time to complete it?

(Mr. Harold Willis): That is perfectly true, and we would, in any event, be prepared to carry on with those arrangements for costing in order to reach as complete conclusions as is possible. There are, as Mr. Winchester pointed out, certain matters where we admit we have not had time to do it, and we propose to do that in any event.

(President): Mr. Winchester said, of course, in the case of the general administration item included in the track costs for regions other than the Southern Region, they simply had to take the 25 per cent.

(Mr. Harold Willis): Yes, Sir.

(President): Sir Reginald expressed doubts as to the formula method of dealing with through traffic.

(Mr. Harold Willis): Yes, and that is also a matter which we may think it wise to try and check by further independent examination.

(President): Our conclusions could hardly have been expressed with more diffidence about this London Lines thing than in the operative sentence of paragraph 23, which begins: "In so far, however, as it is possible to draw conclusions from the speculative considerations put before us, we think". You think it is now more possible?

(Mr. Harold Willis): I certainly think it is more possible to arrive at reasonably precise figures, and if the Tribunal were to adhere to the basis that is shown in the previous Memorandum, then I submit the figures we have put forward for London Lines are reasonably acceptable; the Tribunal might well feel there is perhaps a margin of £1m. one way or the other, but within that sort of limit they are acceptable.

Of course, if we are right on that, then so far as London Lines are concerned, the figures show us a deficiency of £1.2m., and of course if you thought the

expenses of London Lines were £1m. too great, that figure would be *pro tanto* reduced, but that is the position which arises, if you approach it in the way you did last time.

(Mr. Poole): The deficiency is £2.2m., is it not?

(Mr. Harold Willis): With the increase—I am much obliged, Sir. It is £2.2m. before any scheme; £3.3m. London Transport, £2.2m. London Lines deficiency, if the Scheme is applied, and this is where perhaps I did not make it clear how I got that figure. If the Scheme is applied, London Lines, a deficiency of £1.2m. after the Scheme; London Transport, a surplus of £1m. after the Scheme; the London Area, a deficiency of £0.2m. after the Scheme.

(Mr. Poole): £1.2m.

(Mr. Harold Willis): London Area, £0.2m. after the Scheme, London Transport, a surplus of £1m.; London Lines, a deficiency of £1.2m., the £2.2m. deficiency being reduced by the yield of the Scheme of £1m.

(Mr. Poole): You have it your way, Mr. Willis, but I think the deficiency on London Lines, according to your estimates, is £2.2m., and then you make £1m. if the Scheme goes through, leaving a deficiency for the whole of the London Area of £1.2m.

(Mr. Harold Willis): No, Sir—London Lines. If you look at BTC 703, it is headed only "London Lines."

(Mr. Poole): I am looking at that.

(Mr. Harold Willis): This is only London Lines, headed: "London Lines; Estimated shortfall at proposed charges, £1.2m." and if one turns back to BTC 702, you get the London Transport position.

(Mr. Poole): Yes; your £1m. in line 8 of BTC 703 is the £1m. that London Lines gets out of the Scheme?

(Mr. Harold Willis): Yes.

(Mr. Poole): Then you were right and I was wrong.

(Mr. Harold Willis): That is the position, as I say, on last year's approach by the Tribunal, so far as it appears in the Memorandum, and it is of course significant to point out, as Mr. Winchester did in his evidence, that large areas of the costing which we have put forward are complete. We would be wrong in suggesting that there is a great deal more to do; the bulk of this work is complete, but there is a certain amount still outstanding, and that will be completed.

However, in my submission one can conclude that the whole costings, looked at as a whole, are very much firmer than in 1953. I do claim that, and I claim that the Tribunal, in those circumstances, is fully entitled to accept the figures of London Lines expenses.

But I just want to follow up the other approach, should that ultimately commend itself to the Tribunal. Should it do so, the position would be that one would first of all look at London Transport and one would see for London Transport a surplus of £1m. The Tribunal might very well conclude, in my submission, that having regard to the uncertainty of the receipts being realised in "Z" year, that that was a prudent margin in any event for London Transport, and I would so submit. But then, when you come to look at the other side of the picture, on London Lines, taking the costings there, you throw up the deficiency of £1.2m. or such figure as you regard as one that could safely be applied, and then in my submission the conclusion to be arrived at is this: We can certainly approve of this Scheme because, if looked at overall, it will produce a fair and proper result, because the justification for a surplus on London Transport is reinforced by the evidence that there is some, at any rate, deficiency on the other side, and of course, as was pointed out this morning, the London Lines passenger is not a different passenger from the London Transport passenger; they both frequently use both services, and it is not, in any way in my submission, unfair, in considering the appropriate margin for London Transport, to have regard to the fact that on London Lines there is thrown up, whether you regard it as a precise figure or not, at least some considerable deficiency, even if the Scheme goes through.

That is the approach, Sir, which the Commission would not dissent from if the Tribunal were to consider that to be a proper approach. In saying that, there is one

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word of caution I ought to use, and that is that the Tribunal will realise that different factors of cost affect the "Z" year adjustments. Take as a simple instance fuel oil. Fuel oil is a much more important element in London Transport costs than in the case of London Lines.

If one was looking at the matter initially from the London Transport point of view, then it might be said that if, at some future date, fuel duty were removed, that would automatically justify lowering fares over the whole London Area, because it would have some immediate favourable effect on London Transport. That, of course, would be a matter where the caution is required, because that benefit to London Transport would have no corresponding benefit to London Lines, and it would therefore be wrong to assume that because some benefit arose to one of the components, a justification arises for a reduction over the whole. I am merely saying that; it is of no relevance to this Inquiry, but it is a matter which might become significant if that basis were adopted.

That deals in sufficient detail, I think, with the estimates and with the financial position which has emerged at this Inquiry on the case for the Transport Commission, which has revealed, if you accept the estimates, a shortfall at existing charges of £5.5m.

Then we come to the third stage of the matter—I have referred to the first two: the remedy and the proposals put before the Tribunal in this Scheme provide for raising the fares to bring in £5.3m.

The fare structure which is proposed has been criticised by Mr. Hill, and it was criticised by Mr. Lambert. The criticism has mainly centred on the 2d., 4d. and 6d. stages, and the gap which appears on that proposal. The question of single stage charging, which is, of course, the point which emerges from this, is something which has been discussed before this Tribunal on a number of previous occasions. I think it would be helpful if I were to give you the references to the earlier Schemes when this matter was discussed. Mr. Valentine has given evidence on this, and in regard to the impracticability of the proposal, in the 1950 Scheme, Second Day, at page 43, Questions 287 to 294. In the 1953 Scheme, the reference is to the Twenty-Fourth Day, at page 490, and if it would assist the Tribunal, I will certainly read such parts of that evidence as I think would help; but the matter was dealt with at very considerable length by Mr. Valentine, and the Tribunal will recall, perhaps, the main points which were made. The main difficulty, of course, is the difficulty of collection, having regard to the special nature of the traffic in London.

(President): From my recollection, Mr. Valentine was there dealing with a suggestion that there should be a continuous change of fare at each stage.

(Mr. Harold Willis): Yes, and, of course, if it was suggested that you put in something between the 2d. and the 4d. that, in effect, would mean a 3d. fare for three fare stages. Similarly, if you had a 5d. fare between the 4d. and 6d. fares, it would involve the principle of a single fare stage.

(President): It might. The objection, of course, that it does not involve that principle, is that at some stages a person can gain an advantage by booking twice; the importance of that is another matter.

(Mr. Harold Willis): Again, I think evidence on that has been given. Of course the ingenuity of passengers in availing themselves of that sort of opportunity, if it is provided for, is quite considerable, and in the view of the Commission they do still adhere very strongly to the views which were put forward on that occasion.

(President): As I said this morning—I do not know whether you noticed that I used a different pronoun—but speaking generally, I have said: "We did not like this 2d. gap"; I meant "we" did not, but it does not follow that because we do not like it we shall not have to have it. But I think Mr. Lawrence ought to have been made aware, and particularly you, Mr. Willis, ought to be made aware, that we might start with a prejudice against it.

(Mr. Harold Willis): It was for that reason I was going to put before you—

(President): If you give us the references, we shall read them. There is no need to read them now.

(Mr. Harold Willis): I thought that would be the convenient way to deal with it. Mr. Valentine tells me that he has set out the matter very fully and carefully, and I do not think he would wish to add anything.

(President): I have read it since this Inquiry began; it is page 43 of the 1950 Inquiry, and page 490 of the 1953 Inquiry.

(Mr. Harold Willis): And there are a number of questions following, which are readily picked up.

Of course, the argument on practical grounds is the first and most important matter. There is, of course, an argument on financial grounds because, quite clearly, this would involve a substantial loss of revenue; I do not know the actual figure. But the practical difficulty is certainly the more important one in this case.

(President): The ideal Scheme, if we were not concerned with finances and were free to alter stage lengths would be one which proceeded at 1d., 2d., 3d., 4d., 5d. and 6d. and so on by pennies—that would be ideal from the point of view of the passenger.

(Mr. Harold Willis): Yes.

(President): But what the financial result would be would depend upon what one did with the stages.

(Mr. Harold Willis): Yes, and of course there is this point to bear in mind: if we have that mass of fares, it does involve, from the point of view of the conductor, the very much more difficult task of memorising all the fare values. That is the point which Mr. Valentine has stressed on earlier occasions. The Tribunal will, I am sure, appreciate that any alteration of fare stages generally is an enormous task.

(President): That is the least likely thing to happen, so far as we are concerned, this year.

(Mr. Harold Willis): If you please, Sir. Then I think I need say no more about the fare structure at this stage; it was criticised, as I say, by Mr. Hill and by Mr. Lambert. I do not think the Tribunal will have paid much attention to Mr. Lambert's suggestion, because it involved lowering the price of a ticket to 1d. a mile, and I think we have calculated that that would lose us about £10m. or something of that order.

There was one other matter which was raised in regard to the fares, and that was a question on the seasons; it was the question of some of the weekly seasons going up by 6d. and some by 9d.

(President): I said I did not like it.

(Mr. Harold Willis): I do not know whether you would desire me to say any more on that, Sir?

(President): I know I was told how he had arrived at it, which I had seen for myself already, namely, that before you put a figure for any particular mileage in your table, you had applied the fractions rule. There is no law of nature, if you are going to specify what the season ticket rate is, that you need apply the fractions rule or any other, is there?

(Mr. Harold Willis): No, but if you consistently, if there were future revisions of the same amount, apply an addition of 6d. to the weekly rate because you had applied 2s. 6d. to the monthly rate, you would progressively decrease the advantage of taking the monthly season as compared with the weekly season.

(President): Provided it looked like a regular scale, we could knock it back a little on another occasion, could we not? That would be shocking to a mathematician, but reasonable when looking at the schedule.

(Mr. Harold Willis): On that basis you could do it at 6d. this time and 9d. next time, or something of that kind. Whether that would be in the result more satisfactory, or commend itself—

(President): My revulsion may be due to the fact that I look at the document and my eye goes down it. The ordinary passenger does not look at it, and probably could not afford to buy it; he would not understand it if he did.

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(Mr. Harold Willis): You have made the suggestion; the Commission have fully considered it since then, and they still take the view that the existing system should be adhered to.

(President): Yes; no one gave us an estimate of how much the cost of it would be. We were given a split between the season ticket revenue for weeklies and monthlies—

(Mr. Harold Willis): No, I do not think the figure was given.

Just while I am dealing with season tickets, there was one little point where I think there was a small misapprehension. It arose at Question 2362 on the Seventh Day, at page 157, when you, Sir, asked the Question: "I suppose what all these figures represent is the number of season tickets issued in a particular period, multiplied by the conventional figure?" and Mr. Hill says, "Yes". That was in connection with London Transport. The only matter I want to point out is that in fact in London Transport the practice is not to attribute the receipts from season tickets to the period in which they are sold, but to spread them over the period during which they are valid. If I buy a season ticket to-day for three months, it is not all credited to to-day's receipts.

(President): I see; that is on London Transport?

(Mr. Harold Willis): Yes, Sir.

(President): My recollection is that it is different on British Railways.

(Mr. Harold Willis): Yes; there is a different system on British Railways.

While I am dealing with the question of fares, I think it is appropriate that I should just say something about the discounts. Mr. Hill has suggested, as I understand it, that in general we have not provided sufficient discount—

(President): It is in the aggregate, rather than in general.

(Mr. Harold Willis): Yes, Sir; I meant in the aggregate. Of course, if that is so, the result is that the Scheme will not produce as much as we hope it will; it will not produce the £5.3m., but something less than £5.3m.

But the question of discounts is one where there has been, in my submission, a great deal of confusion, and even this morning my learned friend Mr. Geoffrey Lawrence talked about the Transport Commission having to apply ever-increasing discounts each time they raised their fares.

I put to Mr. Hill yesterday, and the Tribunal will have it clearly in mind, that that is not so; that whereas in the 1953 Scheme the discount was 10.4 per cent., and in this Scheme it is 26.1 per cent., in the 1952 Scheme it was 23.0 per cent.—it all depends, of course, on what particular fares you are particularly touching; if you make an impact particularly on the vulnerable low fares, then of course you will have to provide a big discount, and to suggest, as the London County Council does, that this is a progressive budget, is, in my submission, most misleading; in my submission it merely shows that we have had to provide a discount here, as we have on other occasions, and that having regard to the fares we are touching, those discounts are higher than they were in 1953. Otherwise, in my submission, there is no real significance in this matter at all.

So much for the fare structure and so much for the yield of £5.3m. May I now just say a further word, because I have already dealt with it a little, as to the £1m. margin thrown up by London Transport, if you apply these increases in that Area. In my submission, there is full justification for that, looked at separately, and I have also indicated how a certain approach to London Lines might introduce a further factor as considering the justification for that.

With regard to this matter may I just touch on one other rather different point, namely, the question of a margin. The question of a margin is a little linked up with this question of maximum fares; of course, under the 1953 Act, as you have pointed out, it is maximum fares, and only maximum fares, which can be provided, and it is true that in this Scheme we have proceeded rather on the basis of considering actuals than maxima. But it is not without significance that the 1953 Act did

clearly contemplate that between the amount you would get at the maximum and the amount that you would get for the actuals, there should be something in the nature of a margin, and it is a fact, in my submission, which should be borne in mind.

(President): Do you mean something in the Act, apart from the limitation part?

(Mr. Harold Willis): No, Sir. It is implicit, in my submission, in the Act itself, and implicit in the conception of maximum charges, that there should be a margin between the maximum and the actual. In the present case one does not approach it quite in that way, because the maximum and the actual are the same; but the idea of there being a margin is something which was clearly, in my submission, in the mind of Parliament. It clearly would be within the intentions of Parliament if future charging schemes, as far as passengers were concerned, were merely to provide for a maximum charge per mile without any schedules such as appear in this Scheme. That, in my submission, would be within the powers contained in the 1953 Act.

But so far as this Scheme is concerned, of course, as I say, it has proceeded on a different basis, and the only point is really to consider the small amount that there is here, having regard to all the circumstances. The Tribunal will recall that last time they thought a margin of £0.6m. would be reasonable. How soon did events in fact overwhelm that figure and turn it into a deficiency!

You will recall the passage in the Memorandum with regard to that. This is on page 17, paragraph 32; it was expressed by a figure. This is what it said: "That the difference of, say £0.6m., between this additional revenue and the amount of the prospective deficit is no more than is reasonably necessary to provide for possible errors in the forward estimates and minor contingencies".

In my submission, the justification for that provision still exists to-day. The estimates of receipts on the basis on which they are put forward fully justifies such provision, and, of course, probably more important than that, when you look at the London Lines position; and thus taking London as a whole, there is in fact no margin at all, but a deficiency. In my submission, the London Area cannot claim with any justification that the figure £5.3m. which we seek to obtain by way of higher fares, is unreasonable in the circumstances.

That really brings me to the end of the main part of the case here, and I submit that, having heard all the evidence here, the case which we put forward pursuant to the statement is one which is fully justified in the circumstances.

Certain subsidiary issues have been raised by the London County Council, and I would just desire to say a little bit about them. First of all, some indirect attack was made on the efficiency of London Transport. It was, done not in a very open way; it was done by calling somebody who said that costs on certain undertakings outside were lower than they were in London, but the obvious intention was to suggest to this Tribunal and to members of the public at large, that there was some element of inefficiency in London.

Take the supervisors, for instance; what was the object of calling attention to the number of supervisors, except to suggest that there was inefficiency? Of course, the number of supervisors must vary in accordance with the operating conditions, and when you look into the matter, that, of course, is perfectly plain.

That is what Sir Reginald Wilson meant when he was asked about this at Question 2231 on the Seventh Day.

You will recall that he was asked about it by Mr. Rippon: "Can you name any undertaking in the Provinces which has as high a ratio of supervisors to bus crews as we have in London? (A.) If any of the Bus Companies with which I am connected—and I am a Director (or was) of about 17—had a ratio as high as we have in London, there would be trouble". He was quite clearly meaning that because the conditions of traffic congestion and things of that kind are so different in London, if his provincial operators were to claim to have as many supervisors as there were in London, they would be facing serious trouble.

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We have, in order to bring this point out, split the figures of supervisory staff in the Transport Statistics between central and country buses; it is period 3 of 1954, and the figures are: Central buses, one supervisor per 4.8 vehicles; Country buses, one supervisor per 6 vehicles. So that just shows how little value there is in making general criticisms such as were made by Mr. Lambert.

(Mr. Geoffrey Lawrence): We said "in relation to bus crews" you know.

(President): I do not understand what we are to do about it. If we thought there were too many supervisors at Mortlake, or wherever they might be, what are we to do about it? Are we to adjourn this Inquiry until 17 of them have been sacked, or sent somewhere else? A practical economy which is capable of being assessed in terms of money and which is capable of being immediately effective would be one thing; but whatever Parliament may have thought about the competence of the people who are the members of this Tribunal, I cannot believe that Parliament thought they would be the best managers of an undertaking of this sort, even with the advantage of successive Public Inquiries.

(Mr. Harold Willis): While we are on this point, Sir, I do not know whether you recall, but I think it was you yourself who asked a question about the figure of the speed of $\frac{7}{8}$ miles per hour in the Central Area.

(President): Did I?

(Mr. Harold Willis): Yes, Sir, you did ask that question; it is Question 1296, on the Fourth Day. Mr. Rippon was putting certain figures to Mr. Valentine on the question of speed, and you asked a question in regard to it at the bottom of the left-hand col. on page 84: "Has the figure of $\frac{7}{8}$ miles ever been given to us before to your knowledge? I do not remember it. (A) I do not happen to remember it either", and so on. If you desire any further information about it, I can just say that the figure of $\frac{7}{8}$ miles per hour is a figure which has been obtained in regard to the Central Area of London, roughly from Euston Road down to the Oval.

(President): It is the more central part of the Central Area?

(Mr. Harold Willis): Yes, Sir.

I think I need say no more about efficiency; that was that side issue.

Then there was the side issue of cheap fares. Again, I find it difficult to understand, from what Mr. Geoffrey Lawrence said this morning, quite what he was asking the Tribunal to do about it. It appeared that it would merely be interesting for the Tribunal to have that information outside London before them when they were considering this matter. With great respect to my learned friend, I cannot see how this matter could have any significance.

(President): I think it went a little further than that. I may be misrepresenting Mr. Lawrence; if so, he will correct me. I think what he was saying was that if this is a situation as desperate as he was suggesting it was, it was an occasion for drastic experiments as an alternative to raising fares—certainly to raising ordinary fares.

(Mr. Geoffrey Lawrence): Yes, Sir; that is right.

(President): Desperate situations are normally regarded as requiring desperate remedies.

(Mr. Harold Willis): It is quite clear, in my submission, that the situation is not so desperate as to call for that, and the evidence, so far as there has been any on this, is shortly that if you were to do that, you would make the position even more desperate; but I do not think I can usefully say any more about these cheap fares, except to re-emphasise this point of the Commission's policy that they do not shut their eyes blindly to the possibility of introducing cheap fares; that there is not this sharp cleavage between the Transport Commission and the London Transport Executive, one being keen on cheap fares and the other obstinately setting their faces against them. That is not the true position at all. It has been explained over and over again that the London Transport Executive is constantly on the lookout to see the possibilities of introducing cheap fares if they are likely to prove commercially successful. You have heard the evidence about the cheap fares which

have been introduced, and that experience certainly does not suggest that a wholesale introduction of fares of that type at other periods of the day is likely to prove a financial success. In my submission, quite clearly the cheap fare is no solution to the problems in London.

I think my learned friend also raised a question about the children; I think all I need do in regard to that, Sir, is again, if I may, to give you the references to the evidence given about that on previous occasions. At the 1950 Inquiry it was at Question 2327 to 2332, and at this hearing it was given at Question 1173 to 1185.

So far as the juvenile seasons, as they are called, are concerned—the one where my learned friend is anxious that the half rate should be available to you to go to work, provided you are earning not more than, I think it was 42s. 6d.—the position is that the half rate at the present time (and this sort of season has gone back quite a long time) is available if the earnings are not more than 25s. 0d. a week, and that 25s. 0d. a week was a figure which was increased from 18s. 0d. in 1940. In 1947, no doubt to meet the altered conditions then, there was introduced a two-thirds rate of juvenile season without any earnings limit, and in my submission the claim here to have the 25s. 0d. uplifted has really already been met quite adequately by providing that if you are in a higher earning capacity, you can get a two-thirds rate season ticket, and you can get that, whatever your earnings are. In my submission, Sir, that is fully adequate to meet this point. It is significant, I think, that there is in the view of the Commission in regard to this particular concession no logical reason for it; but there it is, and there is no justification for this increase as suggested.

(President): Some day someone will argue that all these differential provisions in the Charges Scheme are, or at any rate may be if the Scheme is approved, *ultra vires*.

(Mr. Harold Willis): That is quite true, Sir.

(President): At the 1951 Inquiry, in fact, we had some argument about the *vires* point, as to what exceptions could be provided for.

(Mr. Harold Willis): That is quite right, Sir; if I remember rightly, it was a long argument.

I am told that when I was dealing with the $\frac{7}{8}$ miles an hour point, I omitted to complete the matter as I should have done. That is a figure which is applicable between 9 a.m. and 6.30 p.m., Mondays to Fridays.

I think those were the only subsidiary points put forward by the London County Council. So far as Mr. Reid and Mr. Ruler are concerned, I do not think I desire to address any observations to the Tribunal on that Objection, or in regard to the Southend Objection or the Thurrock Objection, except just to say this with regard to Southend. One is pleased to see that apparently the exodus from Southend seems to some extent to be coming to an end. Previously it was suggested that people were leaving Southend, and that houses were emptying there, but it appears now, from that statement which is put in

(President): We have never really been disposed to accept—or indispensed to accept—except upon strongest statistical authority, the statement that Southend's population is going down.

(Mr. Harold Willis): Then this shows that that attitude was well justified.

My learned friend Mr. Rippon's address on behalf of his Objectors raised many points which are the same as the points raised by my learned friend Mr. Geoffrey Lawrence on behalf of the London County Council. I think the only matter he raised afresh was the question of these sub-standards. At one time it appeared that he was going to ask that the sub-standards should be put up as an alternative part of the fare increases; but ultimately, as I understand him, he did not desire to put that view forward. I do not know whether in those circumstances I need say any more about that?

(President): I think Mr. Rippon said that sub-standards should be brought up rather than that there should be an increase in the short-distance fares.

(Mr. Rippon): Yes, Sir; that was the point.

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[Continued]

(Mr. Harold Willis): But that does not represent the view of the London County Council, so far as I understand it, and it certainly does not represent the view of the Transport Commission, because as I have already said, the intention of the Transport Commission is not, in the London Area for the time being, to increase sub-standards.

I think I have covered now all the various points that arose on those Objections.

So far as my learned friend Mr. Mercer's Objection this morning is concerned—

(President): I think you should call it "representation", Mr. Willis.

(Mr. Harold Willis): I am much obliged. So far as his representation is concerned, he appeared to be inviting the Tribunal on some future occasion to consider the budget not of the London Area transport, but the budget of the individual passengers. That would be a more protracted proceeding, I would have thought, than even the proceedings which we have on the present basis.

(President): I think he really meant that the London Area was too big to be treated as if it were homogeneous either in its habits or income levels, and that there was something to be said for splitting up and differentiating between rich and poor, travel-loving and travel-hating and what not. It is really the old Southend point.

(Mr. Harold Willis): Yes—the "enclave".

He also asked the Tribunal to regard the London Area as comparable with a provincial area. I think the Tribunal has had quite sufficient evidence with regard to that to be able to conclude without question that the problems of London are problems quite different from those that apply in the Provinces.

I think those are all the observations I desire to make in regard to the Objections, Sir. I am not anxious to take up your time in repeating, in regard to many of the points raised in the Objections, answers which have been given by the Commission in past inquiries; I am trying to confine my observations to points which have emerged as points of debate at this Inquiry, although other points may be found in the Objections.

(President): Yes; do not go beyond the points which have been ventilated here—we have read the others.

(Mr. Harold Willis): That was my intention, Sir, because, as I say, those have all been dealt with at one or other of the earlier Inquiries, I think, or probably all of them, and it would not help to repeat the matter.

There is only one final point I would raise, and that is the question of the form of the Tribunal's decision. As I have indicated earlier on, it does appear to the Commission that the method of providing a Memorandum, as well as an Order confirming the Scheme, has proved useful, and so far as the Commission are concerned, they would welcome the continuance of that in connection with the present Application.

So far as the other procedural matters referred to by my learned friend, some in relation to the possible further proceedings of this Inquiry and some in relation to

possible proceedings at future Inquiries, may I say a word about the latter first? Questions of time for Objections and matters of that kind, and the question of procedure at the Inquiry must, I venture to submit with respect, be considered when the scope of that Inquiry is being considered; it is not possible, nor in my submission would it be desirable to do so, to lay down any rules—

(President): We are as unlikely in the Memorandum ever to suggest anything of that sort as we are unlikely to write the textbook that Mr. Mercer seemed to suggest we should write.

(Mr. Harold Willis): I only mentioned it because Mr. Geoffrey Lawrence raised it.

(President): You only mentioned it so that it might be in our minds—it shall be.

(Mr. Harold Willis): So far as any further proceedings at this Inquiry are concerned, of course, if it were thought by the Tribunal that some alteration of the fare structure were called for, we should not welcome the idea of agreeing that structure with Objectors. The responsibility for the fare structure must, of course, be ours to put forward, and the Tribunal's to approve.

(President): Yes; I think that was a misapprehension, not of Mr. Lawrence, but of Mr. Mercer. I do not think anyone suggested as a practical proposition the agreement of a new structure. What we shall do in fact is this: If we decide, after we finish to-day, to approve the Scheme as it stands, subject only to drafting matters, on which we shall not propose to worry anybody, as we consider ourselves competent to do that, we shall do that without any further discussions. If, however, we decide to make any material alteration in the scale, we shall let all Objectors know what provisional conclusions we have reached, and ask for the Commission to submit to us any new suggestions designed to carry out what we have indicated as our provisional conclusion. Then we shall have, at a convenient date and place, a resumption of this Public Inquiry to consider those new proposals. That, I think, is really in accord with what you meant to suggest, Mr. Lawrence?

(Mr. Geoffrey Lawrence): That is so, Sir.

(Mr. Harold Willis): Then that brings me to the end of my reply, and I think there is nothing further I desire to add.

(Mr. Geoffrey Lawrence): Before you rise, Sir, I am asked to make one formal Application. I prepared a document relating to the mistake in steam mileage; I am told that the Shorthand Writers have prepared those figures, which went on the Shorthand Note in my slow reading, in the form of a table. May I have your formal permission to have that printed?

(President): Yes, certainly.

May I congratulate everybody, including ourselves, on finishing before Whitsuntide, at any rate this stage. We are all very much obliged to everybody for the care with which this matter has been put before us.

(The proceedings were then terminated.)

4 June, 1954]

[Continued]

WRITTEN STATEMENT PUT IN BY THE CORPORATION OF SOUTHEND-ON-SEA

STATEMENT SUBMITTED ON BEHALF OF THE MAYOR, ALDERMEN AND BURGESSES OF THE COUNTY BOROUGH OF SOUTHEND-ON-SEA TO THE COURT OF THE TRANSPORT TRIBUNAL.

In accordance with the Notice lodged on their behalf on the 22nd day of April, 1954, the Mayor, Aldermen and Burgesses of the County Borough of Southend-on-Sea, oppose this Application on the following grounds and make observations upon it as under:—

1. The Scheme is unjust and unreasonable inasmuch as it proposes further increases in the rates for season tickets for long distance journeys over London Lines whereas such increases have no application to other Railway Executive Lines.

As pointed out at hearings before the Tribunal:

- (a) Whilst earlier Schemes have in the case of many towns served by Railway Executive Lines actually lowered the rates for season tickets, the rates applicable to stations in the County Borough of Southend-on-Sea have been continually increased.
- (b) Many towns at similar or greater distances from London than Southend-on-Sea enjoyed cheaper rates for non-intermediate season tickets which were not applied to Southend.
- (c) Under the existing Scheme season tickets from Southend Stations on the London, Tilbury and Southend Line are now at the maximum rates applicable to Railway Executive Lines throughout the country.
- (d) Under the proposed Scheme the monthly season ticket rates would exceed by 2s. those applicable to Railway Executive Lines (other than London Lines) with corresponding increases in other period season rates.

On behalf of Southend it has been mentioned at previous hearings that numerous departures from a rigid uniformity of rate have been operative in respect of other towns, but the Borough has not been given the advantage of such rates. As regards this Scheme, the Borough, with other places on London Lines served by the Railway Executive, are now faced with a proposed departure from uniformity which would operate to their detriment as an actual increase in season ticket rates above the standard applicable to Railway Executive Lines generally is proposed.

2. The effect of such further increases in the rates for long distance journeys will increase the tendency already operating by reason of increases under earlier Schemes for the numbers of long distance season ticket holders to decline with the result that the Scheme will defeat its own end and the revenue from this source will tend to be diminished rather than augmented.

As the Tribunal are already aware in the past cheap passenger fares on the London, Tilbury and Southend Line played a great part in developing the County Borough of Southend-on-Sea as a dormitory town and in making that Line a very profitable one for the railway. It appears that in recent years the Railway Commission's policy has been to adopt uniformity with little regard for commercial and passenger advantage.

The case for the Borough at last year's Inquiry showed that the number of season ticket holders travelling to and from London was falling.

Although the number of vacant dwellinghouses in the Borough is increasing it would be fallacious to make any deduction from this as, in common with many places, the population of the Borough is rising, building is now proceeding rapidly, and the total number of occupied dwellinghouses is also rising.

The point is however that numerous London workers, who have made their homes in the Borough and lived there many years with their families who are often also employed in the City, are being forced to move nearer to London largely owing to the rising cost of travel. These people are engaged mainly in clerical, commercial and administrative occupations and it would be quite impossible to absorb them in the local labour market.

3. As more housing accommodation becomes available the dormitory population of Southend-on-Sea, who have already suffered a greater percentage increase in fares than London workers living in most other dormitory towns, will continue to move nearer to London. This will be to the detriment (a) of the Borough which will thereby lose a large number of residents, (b) of the Railway Commission who will lose a large proportion of their regular long journey passengers on the London, Tilbury and Southend Line, and (c) the national interest, as it will tend to consolidate population in the London area rather than to disperse it.

4. The further increase in early morning fares followed by earlier increases will tend to discourage the early morning traveller to London and the Tilbury Dock area from living in the Borough, and in the winter months, where there is always seasonal unemployment in the Borough, unemployed persons resident in Southend will be prejudiced so far as taking employment involving long distance travelling is concerned.

Many workers living in the Borough who are engaged in work on Thames-side already travel to and fro by road transport. Higher early morning fares will tend to increase the number so doing with consequential further loss to the railway.

5. It is observed that cheap day return rates from Stations in the Borough to Fenchurch Street have now been put into operation by the Railway Commission. It is within the knowledge of the Tribunal that the Corporation had over a long period pressed for the restoration of this concession and they hope that it will now be continued.

The said Mayor, Aldermen and Burgesses suggest the following variations to the Order applied for:—

As respects fares between London and intermediate stations and Southend and other stations in the Borough of Southend-on-Sea on the London Tilbury and Southend Section of the Railway Executive Lines namely:

(1) The existing rates for weekly, monthly, three-monthly and longer period season tickets should not be increased.

(2) The rates charged for early morning returns should not exceed those now in force for such tickets.

The said Mayor, Aldermen and Burgesses represent the interests of the inhabitants of, and visitors to, the said County Borough.

Dated this 1st day of June, 1954.

(Signed) ARCHIBALD GLEN,
Town Clerk.

Municipal Buildings,
Clarence Road,
Southend-on-Sea.

[Continued]

101, Lodge Lane,
Grays,
Essex.

Page 169, Question 2586, line 15—delete “not”.

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